Portland General Electric Company
Legal Department
121 SW Salmon Street • Portland, Oregon 97204
(503) 464-8926 • facsimile (503) 464-2200

Douglas C. Tingey
Assistant General Counsel

April 24, 2006

Via Electronic Filing and U.S. Mail

Oregon Public Utility Commission
Attention: Filing Center
PO Box 2148
Salem OR 97308-2148

Re: In the Matter of the Application of PORTLAND GENERAL ELECTRIC COMPANY for an Order Authorizing the Issuance and Sale of up to 4,687,500 Shares of Common Stock
OPUC Docket No. UF _____

Attention Filing Center:

Enclosed for filing in the above-captioned docket are an original and two copies of Portland General Electric's Application for an Order Authorizing the Issuance and Sale of up to 4,687,500 Shares of Common Stock. This document is being filed by electronic mail with the Filing Center.

An extra copy of this cover letter is enclosed. Please date stamp the extra copy and return it to me in the envelope provided.

Thank you in advance for your assistance.

Sincerely,

/s/ DOUGLAS C. TINGEY

DCT:am

Enclosure

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UF ____

In the Matter of the Application of PORTLAND GENERAL ELECTRIC COMPANY for an Order Authorizing the Issuance and Sale of up to 4,687,500 Shares of Common Stock	**APPLICATION**

I.

Portland General Electric Company ("PGE" or "Company") hereby requests an order, pursuant to ORS 757.415, authorizing PGE to issue up to 4,687,500 authorized but unissued shares of its Common Stock under its recently adopted 2006 Stock Incentive Plan (the "Plan"). The Plan (Attachment 1 to this Application) has been adopted by the Board of Directors of PGE and approved by the shareholder. The Plan is a part of the Company's overall compensation package. Awards under the Plan are intended to provide incentives that will attract, retain and motivate highly competent persons as officers, directors, and key employees of PGE. Incentive plans such as PGE's Plan are common in the industry and in companies similar in size to PGE.

The Plan is administered by the Compensation Committee of the Board of Directors or another a committee appointed by the Board of Directors of the company from among its members (the "Committee"). The Committee must be comprised of at least two board members who are non-employee and outside directors of the Company. The Committee may delegate to one or more of its members, or to one or more employees or agents, such duties and authorities as it may deem advisable including the authority to make grants as permitted by applicable law, the rules of the Securities and Exchange Commission and any requirements of the New York Stock Exchange. The Committee has sole discretion to determine the eligible participants to whom

awards will be granted. Awards under the plan may be granted in any one or a combination of: stock options, including incentive stock options, stock appreciation rights, restricted stock, and stock units, subject to terms and conditions determined by the Committee. Awards may be made as part of compensation for directors, officers or key employees. Awards may also be granted as performance-based awards the vesting and/or payment of which are based on achievement of specified business criteria. No award will be granted more than ten (10) years after the effective date of the Plan. The Committee may amend the Plan from time to time or suspend or terminate the Plan at any time, provided that no amendment of the Plan may be made without approval of the shareholders of the Company if such approval is required under applicable laws, regulations or rules, including rules of the New York Stock Exchange.

The aggregate number of shares of Common Stock that may be subject to awards under the Plan is 4,678,500, subject to certain specified adjustments. The Plan also contains limitations on the maximum number of shares that can be subject to an award to any individual, the number of shares issued during each calendar year, and the number of shares issued pursuant to incentive stock options awarded under the plan.

II.

The following information is submitted in compliance with OAR 860-027-0030(1):

(a) Applicant's Name and Address (OAR 860-027-0030(1)(a))

Portland General Electric Company, 121 SW Salmon Street, Portland, Oregon 97204.

(b) Applicant's Incorporation and Authorizations to Transact Utility Business (OAR 860-027-0030(1)(b))

PGE is a corporation organized and existing under and by the laws of the State of Oregon, and the date of its incorporation is July 25, 1930. PGE is authorized to transact business in the states of Oregon, Washington, California, Idaho, Utah and Montana, but conducts retail utility business only in the State of Oregon. As of

February 21, 1995, PGE is also registered as an extra provincial corporation in Alberta, Canada.

(c) Notices (OAR 860-027-0030(1)(c))

The names and addresses of the persons authorized to receive notices and communications in respect of this Application:

PGE-OPUC Filings
Rates & Regulatory Affairs
Portland General Electric Company
121 SW Salmon Street, 1WTC0702
Portland, OR 97204
(503) 464-7857 (telephone)
(503) 464-7651 (telecopier)
pge.opuc.filings@pgn.com

The names and addresses to receive notices and communications via the e-mail service list are:

Patrick G. Hager, Manager Regulatory Affairs
E-Mail: patrick.hager@pgn.com, and

Douglas C. Tingey, Assistant General Counsel
E-Mail: doug.tingey@pgn.com

(d) Principal Officers (OAR 860-027-0030(1)(d))

As of April 1, 2006, the names, titles and addresses of PGE's principal officers are as follows:

NAME	**TITLE**
Peggy Y. Fowler	Chief Executive Officer & President
James J. Piro	Executive Vice President, Finance, Chief Financial Officer & Treasurer
Arleen Barnett	Vice President
Carol A. Dillin	Vice President
Stephen R. Hawke	Vice President
Ronald W. Johnson	Vice President
Pamela G. Lesh	Vice President
James F. Lobdell	Vice President

Joe A. McArthur	Vice President
Douglas R. Nichols	Vice President, General Counsel & Secretary
Stephen M. Quennoz	Vice President
Kirk M. Stevens	Controller and Assistant Treasurer
William J. Valach	Assistant Treasurer
Kristin A. Stathis	Assistant Treasurer
Cheryl A. Chevis	Assistant Secretary
Karen J. Lewis	Assistant Secretary
Steven F. McCarrel	Assistant Secretary
Campbell A. Henderson	Chief Information Officer

(e) Applicant's Business (OAR 860-027-0030(1)(e))

PGE is engaged in the generation, purchase, transmission, distribution, and sale of electric energy for public use in Clackamas, Columbia, Hood River, Jefferson, Marion, Morrow, Multnomah, Polk, Washington, and Yamhill counties, Oregon.

(f) Authorized and Outstanding Stock (OAR 860-027-0030(1)(f))

(f) A statement, as of the date of the balance sheet submitted with the application, showing for each class and series of capital stock: brief description; the amount authorized (face value and number of shares); the amount outstanding (exclusive of any amount held in the treasury), held amount as reacquired securities; amount pledged by applicant; amount owned by affiliated interests, and amount held in any fund;

PGE's capital stock as of December 31, 2005:[1]

	Outstanding	
	Shares	Amount ($000s)
Cumulative Preferred Stock *:		
7.75% Series No Par Value (30,000,000 shares authorized):	189,727	$18,973
$1 Par Value Limited voting Jr.	1	-
Total Preferred Stock	189,728	$18,973
Common Stock:		
$3.75 Par Value (100,000,000 shares authorized):	42,758,877	$160,346

*****As required by SFAS No. 150, PGE's 7.75% Series preferred stock has been reclassified Long-Term Debt, effective July 1, 2003, and the Company began recording the related dividends as interest expense.

None of the capital stock is held as reacquired securities, pledged, or held in any sinking or other fund by the Company. 35,463,555 shares of Common Stock is held in the Disputed Claims Reserve in accordance with the Fifth Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code, dated January 9, 2004, and as thereafter amended and supplemented from time to time. In addition, the Company has been informed that Harbinger Capital Partners Master Fund I, Ltd., Harbinger Capital Partners Offshore Manager, LLC., HMC Investors, LLC, Harbert Management Corporation, Philip Falcone, Raymond J. Harbert, and Michael D. Luce (collectively "Harbinger") have acquired approximately 7.3 percent of PGE's issued and outstanding Common Stock.

[1] As the Commission is aware, on April 3, 2006, PGE's $3.75 par value common stock (42,758,877 shares) was cancelled and 62,500,000 shares (of 80,000,000 shares authorized) of new PGE common stock without par value were issued. 27,036,445 shares were issued and distributed to creditors of Enron that held allowed claims, with the remainder issued to a Disputed Claims Reserve (DCR) where it will be held to be released over time to Enron's creditors holding allowed claims in accordance with the Chapter 11 Plan. As a result of that issuance, PGE's balance sheet will be adjusted to reflect the combined book values of the current $3.75 par value common stock and Other paid-in capital into the new item "Common stock, no par value." In addition, on March 14, 2006, PGE's Board of Directors authorized the share of $1 par value Junior Preferred stock to be redeemed on March 28, 2006. The Junior Preferred was redeemed and cancelled and will not be reissued.

(g) Authorized and Outstanding Long-Term Debt or Notes (OAR 860-027-0030(1)(g))

The following represents PGE's debt as of December 31, 2005, the date of PGE's last major SEC filing (10-K):

Description	Authorized ($000s)	Outstanding ($000s)
First Mortgage Bonds:		
MTN Series IV due June 15, 2007 7.15%	50,000	50,000
MTN Series due August 11, 2021 9.31%	20,000	20,000
8- 1/8 Series due April 15, 2010	150,000	150,000
5.6675% Series due October 25, 2012	100,000	100,000
5.279% Series due 4/01/2013	50,000	50,000
5.625% Series VI due 08/01/2013	50,000	50,000
6.75% Series VI due 08-01-2023	50,000	50,000
6.875% Series VI due 08-01-2033	50,000	50,000
Total First Mortgage Bonds	$520,000	$520,000
Pollution Control Bonds:		
Port of Morrow, Oregon, Fixed & Variable Rate:		
Due May 1, 2033, 5.20%	$ 23,600	$ 23,600
City of Forsyth, Montana, Fixed Rate:		
Due May 1, 2033, 5.20%	97,800	97,800
Due May 1, 2033, 5.45%	21,000	21,000
Port of St. Helens, Oregon, Fixed Rate:		
Due April 1, 2010, 4.80%	20,200	20,200
Due June 1, 2010, 4.80%	16,700	16,700
Due August 1, 2014, 5.25%	9,600	9,600
Due December 15, 2014, 7.125%	5,100	5,100
Total Pollution Control Bonds	$194,000	$194,000

Other Long-Term Debt:

Long term contracts	89	89
7.875% Notes due 2010	149,250	149,250
Capital Lease Obligations	0	0
6.91% Conservation Bonds	9,047	9,047
Unamortized Debt Discount and Other	(1,206)	(1,206)
Total Other Long-Term Debt	$157,180	$157,180
Less Maturities and Sinking Funds Included in Current Liabilities	(10,547)	(10,547)
Total Long-Term Debt	$860,633	$860,633

None of the long term debt is pledged or held as reacquired securities, by affiliated corporations, or in any fund, except as noted above.

(h) Proposed Issuance of Securities (OAR 860-027-0030(1)(h))

See Section I of the Application.

(i) Description of Proposed Transaction (OAR 860-027-0030(1)(i))

(i) A reasonably detailed and precise description of the proposed transaction, including a statement of the reasons why it is desired to consummate the transaction and the anticipated effect thereof. If the transaction is part of a general program, describe the program and its relation to the proposed transaction. Such description shall include, but is not limited to, the following:

(a) A description of the proposed method of issuing and selling the securities;

(b) A statement of whether such securities are to be issued pro rata to existing holders of the applicant's securities or issued pursuant to any preemptive right or in connection with any liquidation or reorganization;

(c) A statement showing why it is in applicant's interest to issue securities in the manner proposed and the reason(s) why it selected the proposed method of sale; and

(d) A statement that exemption from the competitive bidding requirements of any federal or other state regulatory body has or has not been requested or obtained, and a copy of the action taken thereon when available.

For information responsive to subparts (a)-(c), *see* Section I of the Application. As to subpart (d), an exemption from federal or state competitive bidding requirements has not been obtained because no such requirements exist with the respect to the issuance of Common Stock under the Plan.

(j) Transaction Fees (OAR 860-027-0030(1)(j))

(j) The name and address of any person receiving or entitled to a fee for service(other than attorneys, accountants and similar technical services) in connection with the negotiation or consummation of the issuance or sale of securities, or for services in securing underwriters, sellers or purchasers of securities, other than fees included in any competitive bid; the amount of each such fee, and facts showing the necessity for the services and that the fee does not exceed the customary fee for such services in arm's-length transactions and is reasonable in the light of the cost of rendering the service and any other relevant factors

There will be no compensation to any underwriter, bank or agent for their services in connection with the issuance of the Common Stock that is the subject of this application other than routine fees to the Company's registrar and transfer agent and usual and customary fees for record-keeping with regard to the Plan.

(k) Commissions and Net Proceeds (OAR 860-027-0030(1)(k))

(k) A statement showing both in total amount and per unit the price to the public, underwriting commissions and net proceeds to the applicant. Supply also the information(estimated if necessary) required in section(4) of this rule. If the securities are to be issued directly for property, then a full description of the property to be acquired, its location, its original cost(if known) by accounts, with the identification of the person from whom the property is to be acquired, must be furnished. If original cost is not known, an estimate of original cost based, to the extent possible, upon records or data of the seller and applicant or their predecessors must be furnished, with a full explanation of how such estimate has been made, and a description and statement of the present custody of all existing pertinent data and records. A statement showing the cost of all additions and betterments and retirements, from the date of the original cost, should also be furnished

New shares of Common Stock issued under the Plan will be issued periodically in accordance with the awards made under the Plan at the time of the awards. It is not possible to determine the economic value of such shares of Common Stock until they are ultimately issued.

(l) Purpose for Issuance (OAR 860-027-0030(1)(l))

(l) Purposes for which the securities are to be issued. Specific information will be submitted with each filing for the issuance of bonds, stocks or securities:

- *Construction, completion, extension or improvement of facilities. A description of such facilities and the cost thereof;*
- *Reimbursement of the applicant's treasury for expenditures against which securities have not been issued. A statement giving a general description of such expenditures, the amounts and accounts to which charged, the associated credits, if any, and the periods during which the expenditures were made;*
- *Refunding or discharging of obligations. A description of the obligations to be refunded or discharged, including the character, principal amounts discount or premium applicable thereto, date of issue and date of maturity, purposes to which the proceeds were applied and all other material facts concerning such obligations; and*
- *Improvement or maintenance of service. A description of the type of expenditure and the estimated cost in reasonable detail;*

See Section I of the Application.

(m) Other Federal and State Applications (OAR 860-027-0030(1)(m))

(m) A statement as to whether or not any application, registration statement, etc., with respect to the transaction or any part thereof, is required to be filed with any federal or other state regulatory body

The appropriate forms or other appropriate filing will be filed with the Securities and Exchange Commission depending on the nature of the issuance of the Common Stock.

(n) Facts Showing that Issuance is Lawful, Appropriate, and in the Public Interest (OAR 860-027-0030(1)(n))

(n) The facts relied upon by the applicant to show that the issue:

- *Is for some lawful object within the corporate purposes of the applicant;*
- *Is compatible with the public interest;*

- *Is necessary or appropriate for or consistent with the proper performance by the applicant of service as a utility;*
- *Will not impair its ability to perform that service;*
- *Is reasonably necessary or appropriate for such purposes; and*
- *If filed under ORS.757.495, is fair and reasonable and not contrary to public interest;*

See Section I of the Application. The requested approval will allow PGE to provide incentives that will attract, retain and motivate highly competent persons as officers, directors, and key employees of PGE. PGE believes the requested approval is in the public interest and is consistent with and will aid PGE in providing service as a public utility.

(o) Acquisition of Rights (OAR 860-027-0030(1)(o))

Not applicable.

(p) Affiliated Interest Transactions (OAR 860-027-0030(1)(p))

Not applicable.

III.

The following exhibits are required by OAR 860-027-0030(2):

EXHIBIT A (OAR 860-027-0030(2)(a))

PGE's Amended and Restated Articles of Incorporation, effective on April 3, 2006 (previously filed in Docket UP 234 and incorporated by reference hereto)

EXHIBIT B (OAR 860-027-0030(2)(b))

PGE's Third Amended and Restated Bylaws (previously filed in Docket UP 234 and incorporated by reference hereto).

EXHIBIT C (OAR 860-027-0030(2)(c)) (see attached)

Resolution of the Board of Directors approving the Plan, and the Consent and Authorization of Shareholder.

EXHIBIT D (OAR 860-027-0030(2)(d))

None.

EXHIBIT E (OAR 860-027-0030(2)(e)) (see attached)

PGE's balance sheets as of December 31, 2005.

EXHIBIT F (OAR 860-027-0030(2)(f)) (see attached)

A statement of all known contingent liabilities as of December 31, 2005.

EXHIBIT G (OAR 860-027-0030(2)(g)) (see attached)

PGE's income statement for the 12-month period ended December 31, 2005.

EXHIBIT H (OAR 860-027-0030(2)(h))

See Exhibit G.

EXHIBIT I (OAR 860-027-0030(2)(i))

EXHIBIT I: A copy of registration statement proper, if any, and financial exhibits made a part thereof, filed with the Securities and Exchange Commission.

A copy of the Registration Statement on Form S-8 to be filed with the Securities and Exchange Commission will be provided at the time of filing.

EXHIBIT J (OAR 860-027-0030(2)(j))

EXHIBIT J: A copy of the proposed and of the published invitation of proposals for the purchase of underwriting of the securities to be issued; of each proposal received; and of each contract, underwriting, and other arrangement entered into for the sale or marketing of the securities. When a contract or underwriting is not in final form so as to permit filing, a preliminary draft or a summary identifying parties thereto and setting forth the principal terms thereof, may be filed pending filing of conformed copy in the form executed by final amendment to the application

Not Applicable.

EXHIBIT K (OAR 860-027-0030(2)(k))

Not Applicable.

IV.

PGE respectfully requests that the Commission issue an order authorizing the proposed issuance of up to 4,687,500 authorized but unissued shares of PGE Common Stock under its 2006 Stock Incentive Plan.

DATED this 24th day of April, 2006.

Portland General Electric Company

Kirk Stevens

Kirk Stevens
Controller & Assistant Treasurer
Portland General Electric Company
121 SW Salmon Street 1WTC0501
(503) 464-7121 telephone
kirk.stevens@pgn.com

I, Kirk Stevens, being duly sworn, depose and say that I am the Controller and Assistant Treasurer of Portland General Electric Company, the Applicant in the foregoing Application, that I have read the Application, including all Exhibits hereto, and know the contents hereof, and that the same are true to the best of my knowledge and belief.

DATED this 24 day of April, 2006.

Kirk Stevens

Kirk Stevens

State of Oregon
County of Multnomah

Signed and sworn to before me this 24 day of April, 2006.

OFFICIAL SEAL
JEANNE BATCHELOR
NOTARY PUBLIC-OREGON
COMMISSION NO. 363367
MY COMMISSION EXPIRES JANUARY 26, 2007

Jeanne Batchelor

Notary Public – State of Oregon

My commission expires: January 26, 2007

PORTLAND GENERAL ELECTRIC COMPANY

2006 STOCK INCENTIVE PLAN

Effective as of March 31, 2006

PORTLAND GENERAL ELECTRIC COMPANY
2006 STOCK INCENTIVE PLAN

1. Purpose. The Portland General Electric Company 2006 Stock Incentive Plan (the "Plan") is intended to provide incentives which will attract, retain and motivate highly competent persons as officers, directors and key employees of Portland General Electric Company (the "Company") and its subsidiaries and Affiliates, by providing them with appropriate incentives and rewards in the form of rights to earn shares of the common stock of the Company ("Common Stock") and cash equivalents.

2. Definitions. A listing of the defined terms utilized in the Plan is set forth in Appendix A.

3. Effective Date of Plan. The Plan is effective on March 31, 2006.

4. Administration.

(a) Committee. The Plan will be administered by a committee (the "Committee") appointed by the Board of Directors of the Company (the "Board of Directors") from among its members (which may be the Compensation and Human Resources Committee) and shall be comprised, solely of not less than two (2) members who shall be (i) "non-employee directors" within the meaning of Rule 16b-3(b)(3) (or any successor rule) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and (ii) "outside directors" within the meaning of Treasury Regulation Section 1.162-27(e)(3) under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").

(b) Authority. The Committee is authorized, subject to the provisions of the Plan, to establish such rules and regulations as it deems necessary for the proper administration of the Plan and, in its sole discretion, to make such determinations, valuations and interpretations and to take such action in connection with the Plan and any Awards (as hereinafter defined) granted hereunder as it deems necessary or advisable. All determinations and interpretations made by the Committee shall be binding and conclusive on all participants and their legal representatives.

(c) Indemnification. No member of the Committee and no employee of the Company shall be liable for any act or failure to act hereunder, or for any act or failure to act hereunder by any other member or employee or by any agent to whom duties in connection with the administration of this Plan have been delegated, except in circumstances involving his or her bad faith or willful misconduct. The Company shall indemnify members of the Committee and any agent of the Committee who is an employee of the Company, or of a subsidiary or an Affiliate against any and all liabilities or expenses to which they may be subjected by reason of any act or failure to act with respect to their duties on behalf of the Plan, except in circumstances involving such person's bad faith or willful misconduct. For purposes of this Plan, "Affiliate(s) " means any

entity that controls, is controlled by or is under common control with the Company; *provided, however*, that neither the Disputed Claims Reserve, the Disputed Claims Overseers, the Plan Administrator nor the Disbursing Agent, as those terms are defined in Fifth Amended Joint Plan of Affiliated Debtors In Re Enron Corp. et al., shall be an Affiliate.

(d) Delegation and Advisers. The Committee may delegate to one or more of its members, or to one or more employees or agents, such duties and authorities as it may deem advisable including the authority to make grants as permitted by applicable law, the rules of the Securities and Exchange Commission (the "SEC") and any requirements of the New York Stock Exchange (the "NYSE"), and the Committee, or any person to whom it has delegated duties or authorities as aforesaid, may employ one or more persons to render advice with respect to any responsibility the Committee or such person may have under the Plan. The Committee may employ such legal or other counsel, consultants and agents as it may deem desirable for the administration of the Plan and may rely upon any opinion or computation received from any such counsel, consultant or agent. Expenses incurred by the Committee in the engagement of such counsel, consultant or agent shall be paid by the Company, or the subsidiary or Affiliate whose employees have benefited from the Plan, as determined by the Committee.

5. Type of Awards. Awards under the Plan may be granted in any one or a combination of (a) Stock Options, (b) Stock Appreciation Rights, (c) Restricted Stock Awards, and (d) Stock Units (each as described below, and collectively, the "Awards"). Awards may, as determined by the Committee in its discretion, constitute Performance-Based Awards, as described in Section 13 hereof.

6. Participants. Participants will consist of (i) such officers and key employees of the Company and its subsidiaries and Affiliates as the Committee in its sole discretion determines to be significantly responsible for the success and future growth and profitability of the Company and whom the Committee may designate from time to time to receive Awards under the Plan and (ii) each director of the Company who is not otherwise an employee of the Company or any of its subsidiaries and whom the Committee may designate from time to time to receive Awards under the Plan. Designation of a participant in any year shall not require the Committee to designate such person to receive an Award in any other year or, once designated, to receive the same type or amount of Award as granted to the participant in any other year. The Committee shall consider such factors as it deems pertinent in selecting participants and in determining the type and amount of their respective Awards.

7. Grant Agreements.

(a) Awards granted under the Plan shall be evidenced by an agreement ("Grant Agreement") that shall provide such terms and conditions, as determined by the Committee in its sole discretion, *provided, however,* that in the event of any conflict between the provisions of the Plan and any such Grant Agreement, the provisions of the Plan shall prevail.

(b) The Grant Agreement will determine the effect on an Award of the disability, death, retirement, involuntary termination, termination for cause or other termination of

employment or service of a participant and the extent to which, and the period during which, the participant's legal representative, guardian or beneficiary may receive payment of an Award or exercise rights thereunder. If the relevant Grant Agreement does not provide otherwise, however, the following default rules shall apply:

(i) vested Stock Option and Stock Appreciation Rights held by a participant shall be exercisable for a period of 90 days following the date the participant ceases to be an employee or director of the Company, its subsidiaries and Affiliates;

(ii) unvested Stock Option, Stock Appreciation Rights, Restricted Stock Awards and Stock Units held by a participant shall be forfeited on the date the participant ceases to be an employee or director of the Company, its subsidiaries and Affiliates.

(c) Subject to Section 13(e), the Committee, in its sole discretion, may modify a Grant Agreement, provided any such modification will not materially adversely affect the economic interests of the participant unless the Committee shall have obtained the written consent of the participant. Notwithstanding the foregoing, the Committee shall not reduce the exercise price of a Stock Option or Stock Appreciation Right (other than under Section 15) without the approval of the Company's shareholders.

(d) Grant Agreements under the Plan need not be identical.

8. Stock Options.

(a) Generally. At any time, the Committee may grant, in its discretion, awards of stock options that will enable the holder to purchase a number of shares of Common Stock from the Company, at set terms (a "Stock Option"). Stock Options may be incentive stock options ("Incentive Stock Options"), within the meaning of Section 422 of the Code, or Stock Options which do not constitute Incentive Stock Options ("Nonqualified Stock Options"). The Committee will have the authority to grant to any participant one or more Incentive Stock Options and/or Nonqualified Stock Options. Each Stock Option shall be subject to such terms and conditions, including vesting, consistent with the Plan as the Committee may provide in the Grant Agreement, subject to the following limitations:

(b) Exercise Price. Each Stock Option granted hereunder shall have such per-share exercise price as the Committee may determine in the Grant Agreement, but such exercise price may not be less than "Fair Market Value" (as defined in Section 8(g) below) on the date the Stock Option is granted, except as provided in Section 11(c).

(c) Payment of Exercise Price. The option exercise price may be paid in cash or, in the discretion of the Committee and in accordance with any requirements established by the Committee, by the delivery of shares of Common Stock of the Company then owned by the participant. In the discretion of the Committee and in accordance with any requirements established by the Committee, payment may also be made by delivering a properly executed

exercise notice to the Company together with a copy of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds to pay the exercise price.

(d) Exercise Period. Stock Options granted under the Plan shall be exercisable at such time or times and subject to such terms and conditions, including vesting, as shall be determined by the Committee in the Grant Agreement.

(e) Limitations on Incentive Stock Options. Incentive Stock Options may be granted only to participants who are employees of the Company or of a "Parent Corporation" or "Subsidiary Corporation" (as defined in Sections 424(e) and (f) of the Code, respectively) at the date of grant. The aggregate "Fair Market Value" (as defined and determined as of the time the Stock Option is granted in accordance with Section 8(g) below) of the Common Stock with respect to which Incentive Stock Options are exercisable for the first time by a participant during any calendar year (under all option plans of the Company and of any Parent Corporation or Subsidiary Corporation) shall not exceed one hundred thousand dollars ($100,000). For purposes of the preceding sentence, Incentive Stock Options will be taken into account in the order in which they are granted. The per-share exercise price of an Incentive Stock Option shall not be less than one hundred percent (100%) of the Fair Market Value of the Common Stock on the date of grant, and no Incentive Stock Option may be exercised later than ten (10) years after the date it is granted.

(f) Additional Limitations on Incentive Stock Options for Ten Percent Shareholders. Incentive Stock Options may not be granted to any participant who, at the time of grant, owns stock possessing (after the application of the attribution rules of Section 424(d) of the Code) more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent Corporation or Subsidiary Corporation, unless the exercise price of the option is fixed at not less than one hundred ten percent (110%) of the Fair Market Value of the Common Stock on the date of grant and the exercise of such option is prohibited by its terms after the expiration of five (5) years from the date of grant of such option.

(g) Fair Market Value. For purposes of this Plan and any Awards granted hereunder, "Fair Market Value" shall be the closing price of the Common Stock on the relevant date (or on the last preceding trading date if Common Stock was not traded on such date) if the Common Stock is readily tradable on a national securities exchange or other market system, and if the Common Stock is not readily tradable, Fair Market Value shall mean the amount determined in good faith by the Committee as the fair market value of the Common Stock.

9. Stock Appreciation Rights.

(a) Generally. At any time, the Committee may, in its discretion, grant stock appreciation rights with respect to Common Stock ("Stock Appreciation Rights"), including a concurrent grant of Stock Appreciation Rights in tandem with any Stock Option grant. A Stock Appreciation Right means a right to receive a payment in cash or in Common Stock of an amount equal to the excess of (i) the Fair Market Value of a share of Common Stock on the date the right is exercised over (ii) the Fair Market Value of a share of Common Stock on the date the right is

granted, all as determined by the Committee. Each Stock Appreciation Right shall be subject to such terms and conditions, including vesting, as the Committee shall impose in the Grant Agreement.

(b) Exercise Period. Stock Appreciation Rights granted under the Plan shall be exercisable at such time or times and subject to such terms and conditions, including vesting, as shall be determined by the Committee in the Grant Agreement.

10. Restricted Stock Awards.

(a) Generally. At any time, the Committee may, in its discretion, grant Awards of Common Stock, subject to restrictions determined by the Committee (a "Restricted Stock Award"). Such Awards may include mandatory payment of any bonus in stock consisting of Common Stock issued or transferred to participants with or without other payments therefor and may be made in consideration of services rendered to the Company or its subsidiaries or Affiliates. A Restricted Stock Award shall be construed as an offer by the Company to the participant to purchase the number of shares of Common Stock subject to the Restricted Stock Award at the purchase price, if any, established therefore.

(b) Payment of the Purchase Price. If the Restricted Stock Award requires payment therefor, the purchase price of any shares of Common Stock subject to a Restricted Stock Award may be paid in any manner authorized by the Committee, which may include any manner authorized under the Plan for the payment of the exercise price of a Stock Option.

(c) Restrictions. Restricted Stock Awards shall be subject to such terms and conditions, including without limitation time based vesting and/or performance based vesting, restrictions on the sale or other disposition of such shares, and/or the right of the Company to reacquire such shares for no consideration upon termination of the participant's employment within specified periods, as the Committee determines appropriate. The Committee may require the participant to deliver a duly signed stock power, endorsed in blank, relating to the Common Stock covered by such an Award. The Committee may also require that the stock certificates evidencing such shares be held in custody or bear restrictive legends until the restrictions thereon shall have lapsed.

(d) Rights as a Shareholder. The Restricted Stock Award shall specify whether the participant shall have, with respect to the shares of Common Stock subject to a Restricted Stock Award, all of the rights of a holder of shares of Common Stock of the Company, including the right to receive dividends and to vote the shares.

11. Common Stock Available Under the Plan.

(a) Basic Limitations. The aggregate number of shares of Common Stock that may be subject to Awards shall be 4,687,500, subject to any adjustments made in accordance with Section 15 hereof. The maximum number of shares of Common Stock that may be:

(i) the subject of an Award with respect to any individual participant under the Plan during the term of the Plan shall not exceed 2,000,000 (subject to adjustments made in accordance with Section 15 hereof);

(ii) covered by Awards issued under the Plan during a year shall be limited during the first calendar year of the Plan to1,250,000 and during any year thereafter to 1% of the Company's outstanding Common Stock at the beginning such year; and

(iii) issued pursuant to Incentive Stock Options awarded under the Plan shall be 1,000,000.

(b) Additional Shares. Any shares of Common Stock subject to a Stock Option or Stock Appreciation Right which for any reason is cancelled or terminated without having been exercised, or any shares of Common Stock subject to Restricted Stock Awards or Stock Units which are forfeited, and any shares delivered to the Company as part or full payment for an Award or, to the extent the Committee determines that the availability of Incentive Stock Options under the Plan will not be compromised, to satisfy the Company's withholding obligation with respect to an Award granted under this Plan as payment of a withholding obligation, shall again be available for Awards under the Plan under 11(a). The preceding sentence shall apply only for purposes of determining the aggregate number of shares of Common Stock subject to Awards but shall not apply for purposes of determining the maximum number of shares of Common Stock with respect to which Awards may be granted to any individual participant under the Plan.

(c) Acquisitions. In connection with the acquisition of any business by the Company or any of its subsidiaries or Affiliates, any outstanding grants or awards of options, restricted stock or other equity-based compensation pertaining to such business may be assumed or replaced by Awards under the Plan upon such terms and conditions as the Committee determines, including granting of Stock Options or Stock Appreciation Rights with an exercise price below Fair Market Value at the date of the replacement grant.

12. Stock Units.

(a) Generally. The Committee may, in its discretion, grant "Stock Units" (as defined in subsection (c) below) to participants hereunder. Stock Units may be subject to such terms and conditions, including time based vesting and/or performance based vesting, as the Committee determines appropriate. A Stock Unit granted by the Committee shall provide payment in shares of Common Stock at such time as the Grant Agreement shall specify. Shares of Common Stock issued pursuant to this Section 12 may be issued with or without other payments therefor as may be required by applicable law or such other consideration as may be determined by the Committee. The Committee shall determine whether a participant granted a Stock Unit shall be entitled to a Dividend Equivalent Right (as defined in subsection (c) below).

(b) Settlement of Stock Units. Shares of Common Stock representing the Stock Units shall be distributed to the participant upon settlement of the Award pursuant to the Grant Agreement.

(c) Definitions. A "Stock Unit" means a notional account representing one (1) share of Common Stock. A "Dividend Equivalent Right" means the right to receive the amount of any dividend paid on the share of Common Stock underlying a Stock Unit, which shall be payable in cash or in the form of additional Stock Units, in the discretion of the Committee.

13. Performance-Based Awards.

(a) Generally. Any Award granted under the Plan may be granted in a manner such that the Award qualifies for the performance-based compensation exemption of Section 162(m) of the Code ("Performance-Based Awards"). As determined by the Committee in its sole discretion, either the vesting and/or payment of such Performance-Based Awards shall be based on achievement of hurdle rates and/or growth rates in one or more business criteria that apply to the individual participant, one or more business units, or the Company as a whole.

(b) Business Criteria. The business criteria shall be as follows, individually or in combination: (1) net earnings; (2) earnings per share; (3) net sales growth; (4) market share; (5) operating profit; (6) earnings before interest and taxes (EBIT); (7) earnings before interest, taxes, depreciation and amortization (EBITDA); (8) gross margin; (9) expense targets; (10) working capital targets relating to inventory and/or accounts receivable; (11) operating margin; (12) return on equity; (13) return on assets; (14) planning accuracy (as measured by comparing planned results to actual results); (15) market price per share; (16) total return to stockholders; (17) cash flow and/or cash flow return on equity; (18) recurring after-tax net income; (19) gross revenues; (20) return on invested capital; (21) safety; (22) cost management; (23) productivity ratios; (24) operating efficiency; (25) accomplishment of mergers, acquisitions, dispositions or similar extraordinary business transactions; (26) bond ratings; (27) economic value added; (28) book value per share; (29) strategic initiatives; (30) employee satisfaction; (31) cash management or asset management metrics; (32) regulatory performance; (33) dividend yield; (34) dividend payout ratio; (35) pre-tax interest coverage; (36) P/E ratio; (37) capitalization targets; (38) customer value/satisfaction; (39) inventory; (40) inventory turns; (41) availability and/or reliability of generation; (42) outage duration; (43) outage frequency; (44) trading floor earnings; (45) budget-to-actual performance; (46) customer growth; (47) funds from operations; (48) interest coverage; (49) funds from operations/average total debt; (50) funds from operations/capital expenditures; (51) total debt/total capital; (52) electric service power quality and reliability, (53) resolution and/or settlement of litigation and other legal proceedings and (54) total equity/ total capital. In addition, Performance-Based Awards may include comparisons to the performance of other companies, such performance to be measured by one or more of the foregoing business criteria.

(c) Establishment of Performance Goals. With respect to Performance-Based Awards, the Committee shall establish in writing (i) the performance goals applicable to a given period, and such performance goals shall state, in terms of an objective formula or standard, the method for computing the portion of an Award that vests or the number of shares to be delivered to

a participant under an Award if such performance goals are obtained, and (ii) the individual employees or class of employees to which such performance goals shall apply, in each case no later than ninety (90) days after the commencement of the applicable performance period (but in no event after twenty-five percent (25%) of such performance period has elapsed).

(d) Certification of Performance. No Performance-Based Awards shall be payable to or vest with respect to, as the case may be, any participant for a given period until the Committee certifies in writing that the objective performance goals (and any other material terms) applicable to such period have been satisfied.

(e) Modification of Performance-Based Awards. Subject to Section 15(b), with respect to any Awards intended to qualify as Performance-Based Awards, after establishment of a performance goal, the Committee shall not revise such performance goal or increase the amount of compensation payable thereunder upon the attainment of such performance goal (in accordance with the requirements of Section 162(m) of the Code and the regulations thereunder). Notwithstanding the preceding sentence, (i) the Committee may reduce or eliminate the number of shares of Common Stock or cash granted or the number of shares of Common Stock vested upon the attainment of such performance goal, and (ii) the Committee shall disregard or offset the effect of "Extraordinary Items" in determining the attainment of performance goals. For this purpose, "Extraordinary Items" means extraordinary, unusual and/or non-recurring items, including but not limited to, (i) regulatory disallowances or other adjustments, (ii) restructuring or restructuring-related charges, (iii) gains or losses on the disposition of a business or major asset, (iv) changes in regulatory, tax or accounting regulations or laws, (v) resolution and/or settlement of litigation and other legal proceedings or (vi) the effect of a merger or acquisition.

14. Foreign Laws. The Committee may grant Awards to individual participants who are subject to the tax laws of nations other than the United States, which Awards may have terms and conditions as determined by the Committee as necessary to comply with applicable foreign laws. The Committee may take any action which it deems advisable to obtain approval of such Awards by the appropriate foreign governmental entity; *provided, however,* that no such Awards may be granted pursuant to this Section 14 and no action may be taken which would result in a violation of the Exchange Act, the Code or any other applicable law.

15. Adjustment Provisions.

(a) Adjustment Generally. If there shall be any change in the Common Stock of the Company, through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, reverse stock split, split up, spin-off, combination of shares, exchange of shares, dividends or other changes in capital structure, in the sole discretion of the Committee, an adjustment may be made as provided below in (b) to each outstanding Award.

(b) Modification of Awards. In the event of any change or distribution described in subsection (a) above, the Committee may appropriately adjust the number of shares of Common Stock which may be issued pursuant to the Plan, the other limits on Common Stock issuable under the Plan under Section 11, and the number of shares covered by, and the exercise

price of, each outstanding Award; *provided, however,* that any such adjustment to a Performance-Based Award shall not cause the amount of compensation payable thereunder to be increased from what otherwise would have been due upon attainment of the unadjusted award.

16. Nontransferability, Title and Other Restrictions. Except as otherwise specifically provided by the Committee in a Grant Agreement or modification of a Grant Agreement that provides for transfer, each Award granted under the Plan to a participant shall not be transferable otherwise than by will or the laws of descent and distribution, and shall be exercisable, during the participant's lifetime, only by the participant. In the event of the death of a participant, each Award granted to him or her shall be exercisable during such period after his or her death as the Committee shall in its discretion set forth in the Grant Agreement at the date of grant and then only by the executor or administrator of the estate of the deceased participant or the person or persons to whom the deceased participant's rights under the Stock Option or Stock Appreciation Right shall pass by will or the laws of descent and distribution.

17. Acceleration of Awards.

(a) In order to preserve a participant's rights under an Award in the event of a Change in Control of the Company or in the event of a fundamental change in the business condition or strategy of the Company, the Committee, in its sole discretion, may, at the time an Award is made or at any time thereafter, take one or more of the following actions: (i) provide for the acceleration of any time period relating to the exercise or payment of the Award, (ii) provide for payment to the participant of cash or other property with a fair market value equal to the amount that would have been received upon the exercise or payment of the Award had the Award been exercised or paid upon such event, (iii) adjust the terms of the Award in a manner determined by the Committee to reflect such event, (iv) cause the Award to be assumed, or new rights substituted therefor, by another entity, or (v) make such other adjustments in the Award as the Committee may consider equitable to the participant and in the best interests of the Company. Further, any Award shall be subject to such conditions as necessary to comply with federal and state securities laws, the performance based exception of Section 162(m) of the Code, or understandings or conditions as to the participant's employment in addition to those specifically provided for under the Plan.

(b) A "Change in Control" shall be mean any of the following events:

(i) Any person (as such term is used in Section 14(d) of the Exchange Act) becomes the "beneficial owner" (as determined pursuant to Rule 14d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than thirty percent (30%) of the combined voting power of the Company's then outstanding voting securities; or

(ii) During any period of two (2) consecutive years (not including any period prior to the execution of this Plan), individuals who at the beginning of such period constitute the members of the Board of Directors and any new director whose election to the Board

of Directors or nomination for election to the Board of Directors by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board of Directors; or

(iii) The Company shall merge with or consolidate into any other corporation or entity, other than a merger or consolidation which would result in the holders of the voting securities of the Company outstanding immediately prior thereto holding immediately thereafter securities representing more than fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or

(iv) The stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

Notwithstanding any of the foregoing, the issuance of shares to or the distribution of shares from the "Disputed Claims Reserve" pursuant to the Fifth Amended Joint Plan of Affiliated Debtors In Re Enron Corp. et al. shall not constitute a Change in Control.

18. Withholding. All payments or distributions of Awards made pursuant to the Plan shall be net of any amounts required to be withheld pursuant to applicable federal, state and local tax withholding requirements. If the Company proposes or is required to distribute Common Stock pursuant to the Plan, it may require the recipient to remit to it or to the corporation or entity that employs such recipient an amount sufficient to satisfy such tax withholding requirements prior to the delivery of any certificates for such Common Stock. In lieu thereof, the Company or the employing corporation or entity shall have the right to withhold the amount of such taxes from any other sums due or to become due from such corporation to the recipient as the Committee shall prescribe. The Committee may, in its discretion and subject to such rules as it may adopt (including any as may be required to satisfy applicable tax and/or non-tax regulatory requirements), permit an optionee or award or right holder to pay all or a portion of the federal, state and local withholding taxes arising in connection with any Award consisting of shares of Common Stock by electing to have the Company withhold shares of Common Stock having a Fair Market Value equal to the amount of tax to be withheld, such tax calculated at minimum statutory withholding rates.

19. Employment. A participant's right, if any, to continue to serve the Company or any of its subsidiaries or Affiliates as a director, officer, employee, or otherwise, shall not be enlarged or otherwise affected by his or her designation as a participant under the Plan.

20. Unfunded Plan. Participants shall have no right, title, or interest whatsoever in or to any investments which the Company may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any participant, beneficiary, legal representative or any other person. To the extent that any person acquires a right to receive payments from the Company under the Plan, such right

shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in the Plan. The Plan is not intended to be subject to the Employee Retirement Income Security Act of 1974, as amended.

21. No Fractional Shares. No fractional shares of Common Stock shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, or Awards, or other property shall be issued or paid in lieu of fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

22. Duration, Amendment and Termination. No Award shall be granted more than ten (10) years after the effective date of the Plan. The Committee may amend the Plan from time to time or suspend or terminate the Plan at any time. No amendment of the Plan may be made without approval of the stockholders of the Company if such approval is required under the Code, the rules of a stock exchange, or any other applicable laws or regulations.

23. Award Deferrals. Participants may elect to defer receipt of shares of Common Stock or amounts payable under an Award in accordance with procedures established by the Committee.

24. Effect of Code Section 409A. To the extent that any Award under this plan is or may be considered to involve a nonqualified deferred compensation plan or deferral subject to Section 409A of the Code, the terms and administration of such Award shall comply with the provisions of such Section, applicable IRS guidance and good faith reasonable interpretations thereof and, to the extent necessary, shall be modified, replaced, or terminated in the discretion of the Committee.

25. Compliance with Securities Laws. Notwithstanding any other provision of the Plan, the Company shall have no liability to deliver any shares of Common Stock under the Plan or make any other distribution of benefits under the Plan unless such delivery or distribution would comply with all applicable laws (including, without limitation, the requirements of the Securities Act of 1933), and the applicable requirements of any securities exchange or similar entity.

26. Governing Law. This Plan, Awards granted hereunder and actions taken in connection herewith shall be governed and construed in accordance with the laws of the state of Oregon.

Executed as of the 21st day of February, 2006

PORTLAND GENERAL ELECTRIC COMPANY

By: /s/ Arleen N. Barnett
Vice President, Administration, Corporate Compliance Officer

Appendix A

Index of Defined Terms

Term	Section Where Defined
Affiliate(s)	4(c)
Awards	5
Board of Directors	4(a)
Change in Control	17(b)
Code	4(a)
Committee	4(a)
Common Stock	1
Company	1
Dividend Equivalent Right	12(c)
Exchange Act	4(a)
Fair Market Value	8(g)
Grant Agreement	7(a)
Incentive Stock Options	8(a)
Nonqualified Stock Options	8(a)
Parent Corporation	8(e)
Performance-Based Awards	13(a)
Plan	1
Restricted Stock Award	10(a)
Stock Appreciation Rights	9(a)
Stock Option	8(a)
Stock Unit	12(c)
Subsidiary Corporation	8(e)

Exhibit C

A copy of each resolution of directors authorizing the issue in respect to which the application is made and, if approval of stockholders has been obtained, copies of the stockholder resolutions should also be furnished
OAR 860-027-0030(2)(c)

CERTIFIED EXCERPT FROM JANUARY 25, 2006
PGE BOARD MEETING MINUTES

RESOLVED, that the Board hereby approves Portland General Electric Company 2006 Stock Incentive Plan (the "2006 Stock Incentive Plan"), in substantially the form presented at this meeting, with such changes as management shall deem necessary and appropriate consistent with the 2006 Stock Incentive Plan as presented at this meeting; and further

RESOLVED, that management is hereby directed to submit the 2006 Stock Incentive Plan to the Company's sole shareholder, Enron Corp., for approval; and further

RESOLVED, that upon approval of the 2006 Stock Incentive Plan by the Company's shareholder, the Chief Executive Officer, the Chief Financial Officer, the Treasurer, and any Vice President of the Company (the "Authorized Officers"), are and each individually is, hereby authorized to execute the 2006 Stock Incentive Plan on behalf of the Company in the form approved by the shareholder; and further

RESOLVED, that the Authorized Officers are, and each individually is, hereby authorized to take all actions and do all things, including the execution and delivery of any and all certificates, documents and instruments as they may deem necessary and appropriate, to carry out the intent and purposes of the foregoing resolutions; and further

RESOLVED, that all acts performed prior to the passage of these resolutions in furtherance of the purposes thereof are hereby ratified, sanctioned and confirmed in every respect.

CERTIFICATE

I, Karen J. Lewis, hereby certify that I am the duly elected, qualified and acting Assistant Secretary of Portland General Electric Company, a corporation duly organized and existing under the laws of Oregon; that the foregoing is a true copy of resolutions excerpted from the January 25, 2006 Board Meeting; and such resolutions have not been amended or revoked and are in full force and effect on the date hereof.

WITNESS my hand this 21st day of April 2006.

Karen J. Lewis
Assistant Secretary

EXHIBIT C
PAGE 1

CONSENT AND AUTHORIZATION
OF SHAREHOLDER
OF
PORTLAND GENERAL ELECTRIC COMPANY

Pursuant to ORS 60.211 and in lieu of the annual meeting of the shareholder of Portland General Electric Company (the "Company"), the undersigned, the sole shareholder of the Company, acknowledges that it has been generally informed of the affairs of the Company and consents to, ratifies and approves the following actions:

> RESOLVED, that the Portland General Electric Company 2006 Stock Incentive Plan previously approved by the Portland General Electric Company Board of Directors is hereby approved.

Dated effective February 21, 2006.

ENRON CORP.,
As Sole Shareholder of the Company

By: _____
K. Wade Cline, Managing Director and
General Counsel

By: _____

EXHIBIT C
PAGE 2

Exhibit E

Balance sheets showing booked amounts, adjustments to record the proposed transaction and pro forma, with supporting fixed capital or plant schedules in conformity with the form in the annual report which applicant is required to file with the Commission
OAR 860-027-0030(2)(e)

Attached is page 83 of PGE's Form 10-K Annual Report for the year ended December 31, 2005, which was filed with the Securities and Exchange Commission on March 16, 2006.

Portland General Electric Company and Subsidiaries
Consolidated Balance Sheets

At December 31	2005	2004 (As Restated - See Note 16)
		(In Millions)
Assets		
Electric Utility Plant - Original Cost		
Utility plant (includes construction work in progress of $177 and $114)	$ 4,224	$ 3,992
Accumulated depreciation	(1,788)	(1,717)
	2,436	2,275
Other Property and Investments		
Nuclear decommissioning trust, at market value	31	22
Non-qualified benefit plan trust	69	64
Miscellaneous	34	30
	134	116
Current Assets		
Cash and cash equivalents	122	204
Accounts and notes receivable (less allowance for uncollectible accounts of $50 and $50)	203	170
Unbilled revenues	78	80
Assets from price risk management activities	259	77
Inventories, at average cost	54	48
Prepayments and other	24	35
	740	614
Deferred Charges and Other		
Regulatory assets	217	295
Miscellaneous	111	103
	328	398
	$ 3,638	$ 3,403
Capitalization and Liabilities		
Capitalization		
Common stock equity		
Common stock, $3.75 par value per share, 100,000,000 shares authorized, 42,758,877 shares outstanding	$ 160	$ 160
Other paid-in capital - net	482	481
Retained earnings	558	644
Accumulated other comprehensive income (loss):		
Unrealized gain (loss) on derivatives classified as cash flow hedges	-	(2)
Minimum pension liability adjustment	(3)	(4)
Limited voting junior preferred stock	-	-
Long-term debt	879	892
	2,076	2,171
Commitments and Contingencies (see Notes)		
Current Liabilities		
Long-term debt due within one year	11	30
Accounts payable and other accruals	260	173
Liabilities from price risk management activities	129	38
Customer deposits	53	18
Accrued interest	17	19
Accrued taxes	42	37
Deferred income taxes	51	15
	563	330
Other		
Deferred income taxes	218	313
Deferred investment tax credits	10	13
Trojan asset retirement obligation	107	96
Accumulated asset retirement obligation	27	24
Regulatory liabilities:		
Accumulated asset retirement removal costs	349	286
Other	175	74
Non-qualified benefit plan liabilities	79	70
Miscellaneous	34	26
	999	902
	$ 3,638	$ 3,403

The accompanying notes are an integral part of these consolidated financial statements.

EXHIBIT E
PAGE 1

Exhibit F

A statement of all known contingent liabilities, except minor items such as damage claims and similar items involving relatively small amounts, as of the date of the application
OAR 860-027-0030(2)(f)

Attached are the following excerpts from PGE's Form 10-K Annual Report for the year ended December 31, 2005, which was filed with the Securities and Exchange Commission on March 16, 2006:

- Item 3, "Legal Proceedings," Pages 26-32
- Note 10, "Legal and Environmental Matters," Pages 113-118
- Note 14, "Receivables and Refunds on Wholesale Market Transactions," Pages 124-127

Item 3. Legal Proceedings

Citizens' Utility Board of Oregon v. Public Utility Commission of Oregon and Utility Reform Project and Colleen O'Neill v. Public Utility Commission of Oregon, Marion County Oregon Circuit Court, the Court of Appeals of the State of Oregon, the Oregon Supreme Court.

Following the closing of Trojan, PGE, in its 1993 general rate filing, sought OPUC approval to recover through rates future decommissioning costs and full recovery of, and a rate of return on, its Trojan investment. PGE's request was challenged and PGE requested from the OPUC a Declaratory Ruling (Docket DR 10) regarding recovery of the Trojan investment and decommissioning costs. In August 1993, the OPUC issued a Declaratory Ruling in PGE's favor, citing an opinion issued by the Oregon Department of Justice (Attorney General) that current law gave the OPUC authority to allow recovery of, and a return on, its Trojan investment and future decommissioning costs. The Declaratory Ruling was appealed to the Marion County Circuit Court, which upheld the OPUC in November 1994. The Citizens' Utility Board (CUB) appealed the decision to the Oregon Court of Appeals.

In PGE's 1995 general rate case (Docket UE 88), the OPUC issued an order (1995 Order) granting PGE full recovery of Trojan decommissioning costs and 87% of its remaining undepreciated investment in the plant. The Utility Reform Project (URP) filed an appeal of the 1995 Order to the Marion County Circuit Court, alleging that the OPUC lacked authority to allow PGE to recover Trojan costs through its rates. The CUB also filed an appeal to the Marion County Circuit Court challenging the portion of the 1995 Order that authorized PGE to recover a return on its remaining undepreciated investment in Trojan.

In April 1996, the Marion County Circuit Court issued a decision that contradicted the Court's November 1994 ruling. The 1996 decision found that the OPUC could not authorize PGE to collect a return on its undepreciated investment in Trojan. The 1996 decision was appealed to the Oregon Court of Appeals, where it was consolidated with the earlier appeal of the 1994 decision.

In June 1998, the Oregon Court of Appeals ruled that the OPUC does not have the authority to allow PGE to recover a rate of return on its undepreciated investment in Trojan, but upheld the OPUC's authority to allow PGE's recovery of its undepreciated investment in Trojan and its costs to decommission Trojan (1998 Decision). The court remanded the matter to the OPUC for reconsideration of its 1995 Order in light of the court's decision.

In August 1998, PGE filed a Petition for Review with the Oregon Supreme Court seeking review of that portion of the 1998 Decision relating to PGE's return on its undepreciated investment in Trojan. The URP filed a Petition for Review with the Oregon Supreme Court seeking review of that portion of the 1998 Decision relating to PGE's recovery of its undepreciated investment in Trojan.

In September 2000, PGE, CUB, and the OPUC Staff settled proceedings related to PGE's recovery of its investment in the Trojan plant (Settlement). The URP did not participate in the Settlement and filed a complaint and requested a hearing with the OPUC, challenging PGE's application for approval of the accounting and ratemaking elements of the Settlement.

In March 2002, after a full contested case hearing (Docket UM 989), the OPUC issued an order (Settlement Order) denying all of URP's challenges and approving PGE's application for the accounting and ratemaking elements of the Settlement. URP appealed the Settlement Order to the Marion County Circuit Court.

On November 19, 2002, the Oregon Supreme Court dismissed PGE's and URP's Petitions for Review of the 1998 Decision. As a result, the 1998 Decision stands and the remand of the 1995 Order to the OPUC became effective.

In regards to the URP's appeal of the March 2002 Settlement Order, on November 7, 2003, the Marion County Circuit Court issued an opinion remanding the case to the OPUC for action to reduce rates or order refunds. The opinion does not specify the amount or timeframe of any reductions or refunds. On February 9, 2004, PGE appealed this opinion to the Oregon Court of Appeals. The OPUC has also appealed.

On March 3, 2004, the OPUC re-opened Dockets DR 10, UE 88, and UM 989 and issued a notice of a consolidated procedural conference before an administrative law judge to determine what proceedings are necessary to comply with the Court of Appeals and Marion County Circuit Court orders remanding this matter to the OPUC.

On August 31, 2004, the administrative law judge issued an Order (Scoping Order) defining the scope of the proceedings necessary to comply with the Marion County Circuit Court orders remanding this matter to the OPUC. On October 18, 2004, the OPUC affirmed the Scoping Order. On December 20, 2004, the URP and Class Action Plaintiffs filed an application with the OPUC for reconsideration of the Scoping Order. On February 11, 2005, the OPUC denied reconsideration. On April 18, 2005, URP and Linda K. Williams filed a complaint against the OPUC in Marion County Circuit Court challenging the OPUC's affirmation of the Scoping Order. The OPUC filed a motion to dismiss the complaint, and on September 21, 2005, the Marion County Circuit Court granted the OPUC's motion. Hearings in the first phase of the OPUC proceeding have been held and a decision is pending.

Dreyer, Gearhart and Kafoury Bros., LLC v. Portland General Electric Company, Marion County Circuit Court Case No. 03C 10639; and Morgan v. Portland General Electric Company, Marion County Circuit Court Case No. 03C 10640.

On January 17, 2003, two class action suits were filed in Marion County Circuit Court against PGE on behalf of two classes of electric service customers. The Dreyer case seeks to represent current PGE customers that were customers during the period from April 1, 1995 to October 1, 2001 (Current Class) and the Morgan case seeks to represent PGE customers that were customers during the period from April 1, 1995 to October 1, 2001, but who are no longer customers (Former Class, together with the Current Class, the Class Action Plaintiffs). The suits seek damages of $190 million for the Current Class and $70 million for the Former Class, from the inclusion of a return on investment of Trojan in the rates PGE charges its customers.

On April 28, 2004, the plaintiffs filed a Motion for Partial Summary Judgment and on July 30, 2004, PGE also moved for Summary Judgment in its favor on all of Class Action Plaintiffs' claims. On December 14, 2004, the Judge granted the Plaintiffs' motion for Class Certification and Partial Summary Judgment and denied PGE's motion for Summary Judgment. PGE filed a proposed order certifying the issue for an interlocutory appeal. An order rejecting the proposed order was entered on February 1, 2005. On March 3, 2005, PGE filed a Petition for a Writ of Mandamus with the Oregon Supreme Court asking the Court to take jurisdiction and command the trial Judge to dismiss the complaints or to show cause why they should not be dismissed. On March 29, 2005, PGE filed a second Petition for an Alternative Writ of Mandamus with the Oregon Supreme Court seeking to overturn the Class Certification. On May 3, 2005, the Oregon Supreme Court granted both Petitions. Briefing and arguments have been completed and a decision is pending.

EXHIBIT F
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David Kafoury, an individual, and Kafoury Brothers, LLC, an Oregon Limited Liability Corporation, each as representative of class, etc. v. Portland General Electric Company, Multnomah County Circuit Court for the State of Oregon, Case No. 0501-00627

On January 18, 2005, David Kafoury and Kafoury Brothers, LLC filed a class action lawsuit in Multnomah County Circuit Court against PGE on behalf of all PGE customers who were billed on their electric bills and paid amounts for Multnomah County Business Income Taxes (MBIT) after 1996. The plaintiffs allege that during the period 1997 through the third quarter 2004, PGE collected in excess of $6 million from its customers for MBIT that was never paid to Multnomah County. The charges were billed and collected under OPUC rules that allow utilities to collect taxes imposed by the county. As a member of Enron's consolidated income tax return, PGE paid the tax it collected to Enron. The plaintiffs seek a judgment against PGE for restitution of MBIT collected from customers. Plaintiffs also seek interest, recoverable costs, and reasonable attorney fees. The Plaintiffs filed an amended complaint on February 25, 2005, adding claims for fraud, unjust enrichment, conversion, statutory violations, and seeking punitive damages. On February 24, 2005, PGE requested a declaratory ruling from the OPUC on this matter. On May 17, 2005, the OPUC agreed to consider the question posed by PGE; whether the OPUC rules authorized PGE collections of the MBIT and, if not, whether refunds are controlled by the OPUC three-year limitation for billing adjustments.

On March 24, 2005, PGE filed in the Circuit Court a motion to abate or in the alternative to dismiss. On May 23, 2005, the Circuit Court granted PGE's motion for a stay for all purposes until October 15, 2005, with the opportunity to renew if the OPUC has not issued its declaratory ruling.

On October 5, 2005, the OPUC issued an order in the declaratory ruling docket in which it determined that the rules in question required only that PGE allocate this tax to Multnomah County customers and did not require that PGE calculate it in any particular way. PGE notified the Court of the Company's intent to voluntarily refund MCBIT (plus interest) to customers and filed motions requesting the Court's guidance regarding the number of years for which refunds should be made.

On December 28, 2005, the parties agreed to a settlement by which PGE will make refunds and payments totaling $10 million, inclusive of interest and plaintiffs' attorney fees, costs, and expenses as approved by the Court's final order. Distribution to customers is limited to amounts collected during the period 1999 through 2005. The settlement is subject to final approval by the Multnomah County Circuit Court following a hearing currently scheduled for late July 2006.

Port of Seattle vs. Avista Corporation, Avista Energy, Inc., El Paso Electric Company, Idacorp, Inc., Idaho Power Co., PacifiCorp, Portland General Electric Company, Powerex Corporation, PPL Montana, LLC, Puget Energy, Inc., Puget Sound Energy, Inc., Scottish Power, PLC, Sempra Energy, Sempra Energy Resources, Sempra Energy Trading Corp., Transalta Corporation, Transalta Energy Marketing, Inc. United States District Court for the Western District of Washington, Case No. CV03-1170P.

On May 21, 2003, the Port of Seattle, Washington (Port) filed a complaint in the U.S. District Court for the Western District of Washington against PGE and sixteen other companies (Defendants) alleging violation of both the Sherman Act and the Racketeer Influenced and Corrupt Organization Act, fraud, and, with respect to Puget Energy, Inc. and Puget Sound Energy, Inc., breach of contract. The complaint alleges that the price of electric energy purchased by the Port between November 1997 and June 2001 under a contract with Puget Sound Energy, Inc. was unlawfully fixed and artificially increased through various actions alleged to have been undertaken in the Pacific Northwest power markets among Defendants and Enron Corp., Enron Energy Services, Inc., Enron North America Corp., Enron Power Marketing, Inc., and others. The complaint alleges actual damages of $30.5 million suffered by the Port and seeks recovery of that amount, plus punitive damages and reasonable attorney fees. On December 4, 2003, this case was transferred to the Southern District of California.

On May 12, 2004, the Court entered an order dismissing the case based on federal preemption of state law claims, the exclusive jurisdiction of the FERC over electricity markets, and the "filed rate doctrine" that holds that rates approved by a governing regulatory agency are reasonable and unassailable in judicial proceedings brought by ratepayers. The plaintiffs in this case have appealed the Court's decision to the United States Ninth Circuit Court of Appeals. A decision is pending.

People of the State of Montana, *ex rel.* Mike McGrath, Attorney General of the State of Montana; Flathead Electric Cooperative, Inc., and Does 1 through 100, inclusive v. Williams Energy Marketing and Trading Company; Reliant Energy Services, Inc; Duke Energy Trading and Marketing, LLC; Mirant Corporation; Enron Energy Services, Inc.; Enron Power Marketing, Inc., Morgan Stanley Capital Group, Inc.; Powerex; El Paso Merchant Energy; American Electric Power; Avista Corporation; Portland General Electric Company; BP Energy; Goldman Sachs Group, Inc. and Does 1 through 100, Inclusive, Montana First Judicial District, Lewis and Clark County

On June 30, 2003, the Montana Attorney General filed a complaint in Montana state court against PGE and numerous named and unnamed generators, suppliers, traders, and marketers of electricity and natural gas in Montana. The Complaint alleges unfair and deceptive trade practices in violation of the Montana Unfair Trade and Practices and Consumer Protection Act, deception, fraud and intentional infliction of harm arising from various actions alleged to have been undertaken in the western wholesale electricity and natural gas markets during 2000 and 2001. The relief sought includes injunctive relief to prohibit the unlawful practices alleged, treble damages, general damages, interest, and attorney fees. No monetary amount is specified. The case was removed to U.S. District Court of Montana in July 2003 then remanded back to Montana state court in November 2003. The case is pending in state court while investigation is underway by the Montana Public Service Commission (MPSC) in Docket No. D2004.2.21. PGE is not included in the MPSC proceeding and has not yet been served in the state court case.

Wah Chang, a division of TDY Industries, Inc. v. Avista Corporation, Avista Energy, Inc., Avista Power, LLC, Dynegy Power Marketing, Inc., El Paso Electric Company, IDACORP, Inc., Idaho Power Company, IDACORP Energy L.P., Portland General Electric Company, Powerex Corporation, Puget Energy, Inc., Puget Sound Energy, Inc., Sempra Energy, Sempra Energy Resources, Sempra Energy Trading Corp., Williams Power Company, Inc., United States District Court for the District of Oregon, Case No. 04-CV-00619-AS.

On May 5, 2004, Wah Chang, a division of TDY Industries (Wah Chang), filed a complaint in the U.S. District Court for the District of Oregon against PGE and fifteen other companies (Defendants) alleging that practices among the Defendants and/or Enron and others involving the generation, purchase, sale and transmission of electric energy, beginning in 1998 and continuing through 2001, were designed to communicate false or misleading information to participants in the energy market with the purpose of causing a shortage or appearance of a shortage in the generation of electricity, the appearance of congestion in the transmission of electricity, illegally raising the price of electricity, and fraudulently concealing illegal activities, all in violation of Federal and state antitrust statutes, the Racketeer Influenced and Corrupt Organization Act and for wrongful interference with their purchase contracts with PacifiCorp. No specific facts as to PGE's activities are alleged. Wah Chang seeks compensatory ($30 million) and treble damages.

On February 11, 2005, the Court entered an order dismissing the case based on federal preemption of state law claims, the exclusive jurisdiction of the FERC over electricity markets, and the "filed rate doctrine" that holds that rates approved by a governing regulatory agency are reasonable and unassailable in judicial proceedings brought by ratepayers. On March 10, 2005, Wah Chang filed a notice of appeal in the Ninth Circuit Court of Appeals.

City of Tacoma, Department of Public Utilities, Dreyer, Light division v. American Electric Power Service Corporation, Quila Holdings, LLC, Aquila Power Corporation, Arizona Public Service Company, Automated Power Exchange, Inc., Avista Corporation, et. al., United States District Court for the Western District of Washington, Case No. C07-5325 RBL.

On June 7, 2004, the City of Tacoma, Washington filed a complaint in the U.S. District Court for the Western District of Washington against PGE and fifty-five other companies (Defendants) alleging that sometime during or before May 2000 and continuing through at least the end of 2001, the Defendants, acting in concert with some or all of thirty non-party co-conspirators, engaged in a pattern of activities involving the generation, purchase, sale and transmission of electric energy that violated the Sherman Antitrust Act and damaged the City of Tacoma in an amount estimated to exceed $175 million. No specific facts as to PGE's activities are alleged. The City of Tacoma seeks recovery of three times the amount of actual damages proved at trial. PGE contends this lawsuit is precluded by the 2003 settlement of FERC Docket No. EL02-114, under which PGE paid Tacoma $1.1 million and for which PGE obtained a complete release from all claims related to electricity prices during 2000-2001 from the California Parties, the City of Tacoma, and others.

On February 11, 2005, the Court entered an order dismissing the case based on federal preemption of state law claims, the exclusive jurisdiction of the FERC over electricity markets, and the "filed rate doctrine" that holds that rates approved by a governing regulatory agency are reasonable and unassailable in judicial proceedings brought by ratepayers.

On March 10, 2005, a notice of appeal was filed in the Ninth Circuit Court of Appeals.

Ankeny, et al v. Northwestern Energy, L.L.C.; PPL Montana, LLC; Puget Sound Energy, Inc.; Avista Energy, Inc.; Pacific Energy GP, Inc.; Pacific Energy Group LLC.; Touch America Holdings, Inc.; PacifiCorp; Bechtel Construction Operations Incorporated; Western Energy Company; Portland General Electric Company; and John Does 1-20, Montana Second Judicial District, Rosebud County, Case No. DV 03-109

On May 5, 2003, residents of Colstrip, Montana, unions and businesses filed a suit against PGE and the other owners, designers and operators of the Colstrip coal-fired electric generation plants (Colstrip Project) in Montana alleging that holding and settling ponds at the Colstrip Project have leaked and contaminated groundwater. The plaintiffs allege nuisance, trespass, unjust enrichment, fraud, and negligence, and seek a declaratory judgment of nuisance and trespass, an order that the nuisance be abated, and an unspecified amount for damages, disgorgement of profits, and punitive damages.

On July 18, 2005, an Amended Complaint was filed, which modifies the named plaintiffs and provides further clarification of the underlying claims. Trial is scheduled to start in early 2007.

Portland General Electric Company v. International Brotherhood of Electrical Workers, Local No. 125 (Union Grievances), Multnomah County Circuit Court for the State of Oregon, Case No. 0205-05132.

In November 2001, grievances were filed by several members of the International Brotherhood of Electrical Workers (IBEW) Local 125, the bargaining unit representing PGE's union workers, with respect to losses in their pension/savings plan attributable to the collapse of the price of Enron's stock. The grievances, which allege that the losses were caused by Enron's manipulation of the stock, seek binding arbitration under Local 125's collective bargaining agreement on behalf of all present and retired bargaining unit members. The grievances do not specify an amount of claim, but rather request that the present and retired members be made whole. On May 24, 2002, PGE filed a Motion for Declaratory Relief in the Multnomah County Circuit Court for the State of Oregon, seeking a declaratory ruling that the grievances are not subject to arbitration under the collective bargaining agreement, that the grievances are preempted by ERISA, and that the conduct complained of is directed against Enron, not PGE.

On May 28, 2003, PGE filed a motion for summary judgment. On August 14, 2003, the Court granted PGE's motion for summary judgment finding that the grievances are not subject to arbitration. A final judgment was entered on October 6, 2003. On October 22, 2003, the IBEW filed an appeal to the Oregon Court of Appeals.

Both the U.S. District Court and the Bankruptcy Court approved the settlement of the class action litigation styled In re Enron Corp. Securities Derivative & "ERISA" Litigation, Pamela M. Tittle, et al, v. Enron Corp., et al, Civil Action No. H-01-3913, U.S. District Court for the Southern District of Texas, Houston Division (Tittle Action) and on September 13, 2005, the U.S. District Court entered a Bar Order in the Tittle Action, which specifically bars all claims arising out of that case, including the IBEW grievance proceeding. On October 18, 2005, at the request of the Oregon Court of Appeals, PGE filed a response memorandum in which PGE argued that the Bar Order makes the grievance moot. A decision is pending.

Portland General Electric Co. v. City of Glendale (California), United States District Court for the District of Oregon, Case No. 051321

On August 25, 2005, the Company filed a complaint in the U.S. District Court for the District of Oregon against the City of Glendale (Glendale) seeking a declaratory ruling with respect to a long-term power sale and exchange agreement between the Company and Glendale entered into in 1988 which expires in 2012. Under the agreement, Glendale purchases firm system capacity up to 20 MW plus associated energy costs as scheduled by Glendale. Glendale has requested refunds, asserting that its price is capped so the Company cannot charge a price greater than the most expensive generation resource in the Company's inventory. Glendale has also asserted that the shutdown of Trojan was the equivalent of a sale of a Company resource that triggered a duty under the agreement to renegotiate price terms "to avoid a significant distortion in the Parties' bargain." The Company's complaint seeks a declaratory ruling that the Company does not owe Glendale any amounts under the agreement and that the decommissioning of Trojan does not require the Company to renegotiate payments due to it from Glendale. On October 18, 2005, Glendale filed a Complaint with the FERC requesting the FERC to direct the Company to adjust the price and provide refunds of approximately $23.3 million plus interest. The Court granted a stipulation filed by PGE and Glendale to stay the Court proceedings pending a decision by the FERC on its jurisdiction. On December 19, 2005, the FERC dismissed Glendale's complaint. Glendale has filed a request for a rehearing with the FERC.

City of Portland v. Oregon Public Utility Commission, Portland General Electric Company, Stephen Forbes Cooper, LLC, Citizens' Utility Board of Oregon, Industrial Customers of Northwest Utilities, Community Action Directors of Oregon, and Oregon Energy Coordinators Association, Court of Appeals of the State of Oregon Case No. A131268GE and Marion County Oregon Circuit Court Case No. 06C11248.

On February 10, 2006, the City of Portland ("City") appealed the December 14, 2005 order of the OPUC that authorized the issuance of new PGE common stock (OPUC Order). Appeals were filed both in the Marion County Circuit Court and the Oregon Court of Appeals. The City filed its appeals in both courts due to the jurisdictional uncertainty created by new Oregon law governing appeals of OPUC decisions. In its appeal to the Circuit Court, the City alleges the OPUC made its decision on an inadequate record, failed to enter adequate findings in support of its decision, abused the discretion granted it by Oregon law and based its decision on a statute that constituted an unlawful delegation from the Oregon Legislature. For relief, the City requests the OPUC Order be modified, reversed or remanded. In the Court of Appeals filing, the City alleges it is an aggrieved party and asks for judicial review without further details. On February 23, 2006, the OPUC filed a Motion to Hold Case in Abeyance with the Marion County Circuit Court in order to seek summary determination from the Court of Appeals regarding the proper court to hear the City's appeal. The City and other defendants to the action, including PGE, did not oppose the motion. The Circuit Court has not ruled on this motion.

Item 4. Submission of Matters to a Vote of Security Holders

None.

EXHIBIT F
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Note 10 - Legal and Environmental Matters

Legal Matters

Trojan Investment Recovery - In 1993, following the closure of the Trojan Nuclear Plant, PGE sought full recovery of and a rate of return on its Trojan plant costs, including decommissioning, in a general rate case filing with the OPUC. The filing was a result of PGE's decision earlier in the year to cease commercial operation of Trojan as a part of its least cost planning process. In 1995, the OPUC issued a general rate order (1995 Order) which granted the Company recovery of, and a rate of return on, 87% of its remaining investment in Trojan plant costs, and full recovery of its estimated decommissioning costs through 2011.

Numerous challenges, appeals and requested reviews were subsequently filed in the Marion County, Oregon Circuit Court, the Oregon Court of Appeals, and the Oregon Supreme Court on the issue of the OPUC's authority under Oregon law to grant recovery of and a return on the Trojan investment. The primary plaintiffs in the litigation were the Citizens' Utility Board (CUB) and the Utility Reform Project (URP). The Court of Appeals issued an opinion in 1998, stating that the OPUC does not have the authority to allow PGE to recover a return on the Trojan investment, but upholding the OPUC's authorization of PGE's recovery of the Trojan investment and ordering remand of the case to the OPUC. PGE and the OPUC requested the Oregon Supreme Court to conduct a review of the Court of Appeals decision on the return on investment issue. In addition, URP requested the Oregon Supreme Court to review the Court of Appeals decision on the return of investment issue. PGE requested the Oregon Supreme Court to suspend its review of the 1998 Court of Appeals opinion pending resolution of URP's complaint with the OPUC challenging the accounting and ratemaking elements of the settlement agreements approved by the OPUC in September 2000 (discussed below). On November 19, 2002, the Oregon Supreme Court dismissed PGE's and URP's petitions for review of the 1998 Oregon Court of Appeals decision. As a result, the 1998 Oregon Court of Appeals opinion stands and the case has been remanded to the OPUC.

While the petitions for review of the 1998 Court of Appeals decision were pending at the Oregon Supreme Court, in 2000, PGE, CUB, and the staff of the OPUC entered into agreements to settle the litigation related to PGE's recovery of, and return on, its investment in the Trojan plant. URP did not participate in the settlement. The settlement, which was approved by the OPUC in September 2000, allowed PGE to remove from its balance sheet the remaining before-tax investment in Trojan of approximately $180 million at September 30, 2000, along with several largely offsetting regulatory liabilities. The largest of such amounts consisted of before-tax credits of approximately $79 million in customer benefits related to the previous settlement of power contracts with two other utilities and the approximately $80 million remaining credit due customers under terms of PGC's 1997 merger with Enron. The settlement also allows PGE recovery of approximately $47 million in income tax benefits related to the Trojan investment which had been flowed through to customers in prior years; such amount is being recovered from PGE customers, with no return on the unamortized balance, over an approximate five-year period that began in October 2000. At December 31, 2005, the remaining balance to be collected was approximately $1 million. After offsetting the investment in Trojan with these credits and prior tax benefits, the remaining Trojan regulatory asset balance of approximately $5 million (after tax) was expensed. As a result of the settlement, PGE's investment in Trojan is no longer included in rates charged to customers, either through a return of or a return on that investment. Authorized collection of Trojan decommissioning costs is unaffected by the settlement agreements or the OPUC orders.

The URP filed a complaint with the OPUC challenging the settlement agreements and the Commission's September 2000 order. In March 2002, after a full contested case hearing, the OPUC issued an order (2002 Order) denying all of URP's challenges, and approving the accounting and ratemaking elements of the 2000 settlement. URP appealed the 2002 Order to the Marion County, Oregon Circuit Court. On November 7, 2003, the Marion County Circuit Court issued an opinion remanding the case to the OPUC for action to reduce rates or order refunds. The opinion does not specify the amount or timeframe of any reductions or refunds. PGE and the OPUC have filed appeals to the Oregon Court of Appeals.

In a separate legal proceeding, two class action suits were filed in Marion County Circuit Court against PGE on January 17, 2003 on behalf of two classes of electric service customers. One case seeks to represent current PGE customers that were customers during the period from April 1, 1995 to October 1, 2000 (Current Class) and the other case seeks to represent PGE customers that were customers during the period from April 1, 1995 to October 1, 2000, but who are no longer customers (Former Class). The suits seek damages of $190 million for the Current Class and $70 million for the Former Class, as a result of the inclusion of a return on investment of Trojan in the rates PGE charges its customers. On April 28, 2004, the plaintiffs filed a Motion for Partial Summary Judgment and on July 30, 2004, PGE also moved for Summary Judgment in its favor on all of Plaintiff's claims. On December 14, 2004, the Judge granted the Plaintiff's motion for Class Certification and Partial Summary Judgment and denied PGE's motion for Summary Judgment. PGE filed a proposed order certifying the issue for an interlocutory appeal. An order rejecting the proposed order was entered on February 1, 2005. On March 3, 2005 and March 29, 2005, PGE filed two Petitions for an Alternative Writ of Mandamus with the Oregon Supreme Court, asking the Court to take jurisdiction and command the trial Judge to dismiss the complaints or to show cause why they should not be dismissed and seeking to overturn the Class Certification. On May 3, 2005, the Oregon Supreme Court granted both Petitions. Briefing and oral arguments have been completed and a decision is pending.

On March 3, 2004, the OPUC re-opened three dockets in which it had addressed the issue of a return on PGE's investment in Trojan, including the 1995 Order and 2002 Order related to the settlement of 2000.

On August 31, 2004, the administrative law judge issued an Order (Scoping Order) defining the scope of the proceedings necessary to comply with the Marion County Circuit Court orders remanding this matter to the OPUC. On October 18, 2004, the OPUC affirmed the Scoping Order. On December 20, 2004, the URP and Class Action Plaintiffs filed an application with the OPUC for reconsideration of the Scoping Order. On February 11, 2005, the OPUC denied reconsideration. On April 18, 2005, URP and Linda K. Williams filed a complaint against the OPUC in Marion County Circuit Court challenging the OPUC's affirmation of the Scoping Order. The OPUC filed a motion to dismiss the complaint, and on September 21, 2005, the Marion County Circuit Court granted the OPUC's motion. Hearings in the first phase of the OPUC proceeding have been held and a decision is pending.

On February 14, 2005, PGE received a Notice of Potential Class Action Lawsuit for Damages and Demand to Rectify Damages from counsel representing Frank Gearhart, David Kafoury and Kafoury Brothers, LLC (Potential Plaintiffs) stating that Potential Plaintiffs intend to bring a class action lawsuit against the Company. Potential Plaintiffs allege that for the period from October 1, 2000 to the present, the Company's electricity rates have included unlawful charges for a return on investment in Trojan in an amount in excess of $100 million. Under Oregon law, there is no requirement as to the time the lawsuit must be filed following the 30-day notice period. No action has been filed to date.

Management cannot predict the ultimate outcome of the above matters. However, it believes these matters will not have a material adverse impact on the financial condition of the Company, but may have a material impact on the results of operations and cash flows for a future reporting period. No reserves have been established by PGE for any amounts related to this issue.

Multnomah County Business Income Taxes - In January 2005, David Kafoury and Kafoury Brothers, LLC filed a class action lawsuit in Multnomah County Circuit Court against PGE on behalf of all PGE customers who were billed on their electric bills and paid amounts for Multnomah County Business Income Taxes (MCBIT) after 1996. The plaintiffs alleged that during the period 1997 through the third quarter 2004, PGE collected in excess of $6 million from its customers for MCBIT that was never paid to Multnomah County. The charges were billed and collected under OPUC rules that allow utilities to collect taxes imposed by the county. As a member of Enron's consolidated income tax return, PGE paid the tax it collected to Enron. The plaintiffs sought judgment against PGE for restitution of MCBIT collected from customers plus interest, recoverable costs, and reasonable attorney fees. The plaintiffs filed an amended complaint on February 25, 2005, adding claims for fraud, unjust enrichment, conversion, statutory violations, and seeking punitive damages.

On May 23, 2005, the Court granted PGE's motion for a stay for all purposes until the OPUC's issuance of a declaratory ruling in response to questions by PGE as to whether OPUC rules authorized PGE collections of the MCBIT and whether any refunds to customers were controlled by an OPUC three-year limitation for billing adjustments. On October 5, 2005, the OPUC issued an order that determined that Commission rules authorized PGE collections of the MCBIT from Multnomah County customers but did not require that PGE calculate them in any particular way. Because the OPUC did not find that PGE had violated its rule, the Commission did not answer whether its three-year limitation on billing adjustments applied.

On December 28, 2005, the parties agreed to a settlement by which PGE will make refunds and payments totaling $10 million, inclusive of interest and plaintiffs' attorney fees, costs, and expenses as approved by the Court's final order. The settlement includes no admission of liability or wrongdoing by PGE. Distribution to customers is limited to amounts collected during the period 1999 through 2005. PGE established a reserve of $10 million in 2005 related to the settlement. The settlement is subject to final approval by the Multnomah County Circuit Court following a hearing currently scheduled for late July 2006.

Complaint and Application for Deferral-Income Taxes - On October 5, 2005, the URP and Ken Lewis (Complainants) filed a Complaint with the OPUC alleging that, since September 2, 2005 (the effective date of Oregon Senate Bill 408), PGE's rates are not just and reasonable and are in violation of Senate Bill 408 because they contain approximately $92.6 million in annual charges for state and federal income taxes that are not being paid to any government. The Complaint requests that the OPUC order the creation of a deferred account for all amounts charged to ratepayers since September 2, 2005 for state and federal income taxes, less amounts actually paid by or on behalf of PGE to the federal and state governments for income taxes.

Also on October 5, 2005, the Complainants filed an Application for Deferred Accounting with the OPUC, claiming that PGE is charging ratepayers $92.6 million annually for federal and state income taxes that is not being paid, and that such charges are not fair, just and reasonable. The Application for Deferred Accounting requests that revenue due to the estimated PGE liabilities for federal and state income taxes, less any amounts of federal and state income taxes paid by PGE or on behalf of PGE, be deferred for later incorporation in rates.

On December 27, 2005, the OPUC issued a Joint Ruling to hold the Complaint and Deferred Accounting application in abeyance pending rehearing of an order previously issued by the OPUC in a rate proceeding involving another Oregon electric utility. Management cannot predict the ultimate outcome of these matters or estimate any potential loss.

Union Grievances - In November 2001, grievances were filed by several members of the International Brotherhood of Electrical Workers Local 125 (IBEW), the bargaining unit representing PGE's union workers, alleging that losses in their pension/savings plan were caused by Enron's manipulation of its stock. The grievances, which do not specify an amount of claim, seek binding arbitration. PGE filed for relief in Multnomah County Circuit Court seeking a ruling that the grievances are not subject to arbitration. On August 14, 2003, the Court granted PGE's motion for summary judgment, finding that the grievances are not subject to arbitration. A final judgment was entered on October 6, 2003. On October 22, 2003, the IBEW appealed the decision to the Oregon Court of Appeals. Both the U.S. District Court and the Bankruptcy Court approved the settlement of the class action litigation styled In re Enron Corp. Securities Derivative & "ERISA" Litigation, Pamela M. Tittle, et al, v. Enron Corp., et al, Civil Action No. H-01-3913, U.S. District Court for the Southern District of Texas, Houston Division (Tittle Action). On September 13, 2005, the U.S. District Court entered a Bar Order in the Tittle Action, which specifically bars all claims arising out of this case, including the IBEW grievance proceeding. On October 18, 2005, at the request of the Oregon Court of Appeals, PGE filed a response memorandum in which PGE argued that the Bar Order makes the grievance moot. A decision is pending. Management cannot predict the ultimate outcome of this matter or estimate any potential loss.

Environmental Matters

Harborton - A 1997 investigation by the Environmental Protection Agency (EPA) of a 5.5 mile segment of the Willamette River known as the Portland Harbor revealed significant contamination of sediments within the harbor. Based upon analytical results of the investigation, the EPA included the Portland Harbor on the federal National Priority List pursuant to the federal Comprehensive Environmental Response, Compensation, and Liability Act (Superfund). In December 2000, PGE received a "Notice of Potential Liability" regarding its Harborton Substation facility and was included, along with sixty-eight other companies, on a list of Potentially Responsible Parties (PRPs) with respect to the Portland Harbor Superfund Site.

Also in 2000, PGE agreed with the Oregon Department of Environmental Quality (DEQ) to perform a voluntary remedial investigation of its Harborton Substation site to confirm whether any hazardous substances had been released from the substation property into the Portland Harbor sediments. In February 2002, PGE submitted its final investigative report to the DEQ, indicating that the voluntary investigation demonstrated that there is no likely present or past source or pathway for release of hazardous substances to surface water or sediments in the Portland Harbor Superfund Site at or from the Harborton Substation site. Further, the voluntary investigation demonstrated that the site does not present a high priority threat to present and future public health, safety, welfare, or the environment. The DEQ submitted the final investigative report to the EPA and, in a May 18, 2004 letter, the EPA stated that "based on the summary information provided by DEQ and the limited data EPA has at this stage in its process, EPA agrees at this time, that this site does not appear to be a current source of contamination to the river." Management believes that the Company's contribution to the sediment contamination, if any, from the Harborton Substation site would qualify it as a de minimis PRP.

Sufficient information is currently not available to determine either the total cost of investigation and remediation of the Portland Harbor or the liability of PRPs, including PGE. Management cannot predict the ultimate outcome of this matter or estimate any potential loss. However, it believes this matter will not have a material adverse impact on the Company's financial statements.

Harbor Oil - Harbor Oil, Inc. (Harbor Oil), located in north Portland, was utilized by PGE to process used oil from the Company's power plants and electrical distribution system from at least 1990 until 2003. Harbor Oil is also utilized by other entities for the processing of used oil and other lubricants.

In 1974 and 1979, major oil spills occurred at the Harbor Oil site that impacted an approximate two acre area. Elevated levels of contaminants, including metals, pesticides, and polychlorinated biphenyl's (PCBs), have been detected at the site. On September 29, 2003, following investigation and site assessment by the EPA, Harbor Oil was included on the federal National Priority List as a federal Superfund site.

PGE received a Special Notice Letter for Remedial Investigation/Feasibility Study from the EPA, dated June 27, 2005, in which the Company was named as one of fourteen PRPs with respect to the Harbor Oil site. The letter starts a period for PRPs to participate in negotiations with the EPA to reach a settlement to conduct or finance a Remedial Investigation and Feasibility Study of the Harbor Oil site. Discussions among the EPA and the PRPs, including PGE, have commenced.

Sufficient information is currently not available to determine either the total cost of investigation and remediation of the Harbor Oil Site or the liability of PRPs, including PGE. Management cannot predict the ultimate outcome of this matter. However, it believes this matter will not have a material adverse impact on the Company's financial statements.

Other - In October 2003, PGE agreed with the DEQ to provide cost recovery for oversight of a voluntary investigation and/or potential cleanup of petroleum products at another Company site that is upland from the Portland Harbor Superfund Site. The site investigation has been completed and a report was submitted to the DEQ in August 2005. The report concludes that fuel and related contaminants have not migrated to the Willamette River from the site. The DEQ has stated that it is satisfied with the report. PGE management considers any material liability related to this matter to be remote.

Note 11 - Asset Retirement Obligations

SFAS No. 143, Accounting for Asset Retirement Obligations (ARO), which was adopted on January 1, 2003, requires the recognition of AROs, measured at estimated fair value, for legal obligations related to dismantlement and restoration costs associated with the retirement of tangible long-lived assets in the period in which the liability is incurred. Upon initial recognition of AROs that are measurable, the probability weighted future cash flows for the associated retirement costs, discounted using a credit-adjusted risk-free rate, are recognized as both a liability and as an increase in the capitalized carrying amount of the related long-lived assets. Due to the long lead time involved, a market-risk premium cannot be determined for inclusion in future cash flows. Capitalized asset retirement costs are depreciated over the life of the related asset, with accretion of the ARO liability classified as an operating expense. On the Statement of Income, amounts are included in Depreciation and Amortization expense for Utility plant and Other Income (Deductions) for Other property.

FASB Interpretation No. 47 (FIN 47), Accounting for Conditional Asset Retirement Obligations - an interpretation of FASB Statement No. 143, was adopted on December 31, 2005. FIN 47 clarifies that the term "conditional asset retirement obligation," as used in SFAS No. 143, refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. An entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated, even though uncertainty exists about the timing and/or method of settlement.

Regulation - Pursuant to regulation, AROs of rate-regulated long-lived assets are included in depreciation expense allowed in rates charged to customers. Any differences in the timing of recognition of costs for financial reporting and ratemaking purposes are deferred as a regulatory asset or regulatory liability under SFAS No. 71. PGE expects any changes in estimated AROs to be incorporated in future rates. Substantially all significant AROs are included in rate regulation.

Asset Retirement Obligations

SFAS 143 - Upon adoption of SFAS No. 143 at January 1, 2003, PGE recorded AROs of $15 million for utility plant and $9 million for other property and adjusted the ARO for the Trojan Plant to $121 million. The ARO associated with decommissioning of the Trojan plant was recorded on a nominal dollar basis at the time of the plant's abandonment in 1993, with costs to be recovered through regulation recorded as a regulatory asset. Upon the adoption of SFAS No. 143, the regulatory asset and the related ARO for decommissioning of the Trojan plant were reduced by $55 million to adjust the balances to an estimated fair value as required by SFAS No. 143.

The $11 million transition adjustment for rate-regulated utility plant, consisting of the Boardman and Colstrip Units 3 and 4 coal plants, the Beaver and Coyote Springs gas turbine plants, and the Bull Run hydro project, was deferred as a regulatory liability pursuant to SFAS No. 71. In addition, PGE recorded a $4 million after-tax gain in earnings from the cumulative effect of a change in accounting principle related to other property. This transition adjustment represents a difference in using a straight-line amortization vs. accretion methodology under SFAS No. 143.

FIN 47 - A $2 million transition adjustment was recorded as of December 31, 2005 for rate-regulated utility plant resulting from the application of FIN 47, consisting of conditional asset retirement obligations for pole disposal, mercury vapor light disposal, asbestos remediation, PCB disposal, underground storage tank removal, and other miscellaneous disposal costs. The transition adjustment represents a difference in using a straight-line amortization vs. accretion methodology under SFAS No. 143. The $2 million transition adjustment was fully offset by adjustments to regulatory liabilities pursuant to SFAS No. 71.

The following presents the effects to the balances and activities in AROs for the years indicated (in millions):

	For Year Ended December 31,		
	2005	2004	2003
Beginning Balance	$ 120	$ 129	$ 145
Activity			
AROs incurred	2	-	-
Expenditures	(4)	(17)	(21)
Accretion	6	6	6
Revisions	10	2	(1)
Ending Balance	$ 134	$ 120	$ 129

Unrecognized Asset Retirement Obligations

PGE has certain tangible long-lived assets for which AROs are not measurable. An ARO will be required to be recorded when circumstances change. The assets that may require removal when the plant is no longer in service include the Oak Grove hydro project and transmission and distribution plant located on public right-of-ways and on certain easements. Management believes that these assets will be used in utility operations for the foreseeable future.

Other Subsidiaries - PGE also provides services to its consolidated subsidiaries, including funding under a cash management agreement and the sublease of office space in the Company's headquarters complex. Intercompany balances and transactions have been eliminated in consolidation.

PGE maintains no compensating balances and provides no guarantees for related parties.

Note 14 - Receivables and Refunds on Wholesale Market Transactions

Receivables - California Wholesale Market

As of December 31, 2005, PGE has net accounts receivable balances totaling approximately $63 million from the California Independent System Operator (ISO) and the California Power Exchange (PX) for wholesale electricity sales made from November 2000 through February 2001. The Company estimates that the majority of this amount was for sales by the ISO and PX to Southern California Edison Company and Pacific Gas & Electric Company (PG&E).

In March 2001, the PX filed for bankruptcy and in April 2001, PG&E filed a voluntary petition for relief under the provisions of Chapter 11 of the federal Bankruptcy Code. PGE filed a proof of claim in each of the proceedings for all past due amounts. Although both entities have emerged from their bankruptcy proceedings as reorganized debtors, not all claims filed in the proceedings, including those filed by PGE, have been resolved. PGE is continuing to pursue collection of these claims.

Management continues to assess PGE's exposure relative to these receivables. Based upon FERC orders regarding the methodology to be used to calculate refunds and the FERC's indication that potential refunds related to California wholesale sales (see "Refunds on Wholesale Transactions" below) can be offset with accounts receivable related to such sales, PGE has established reserves totaling $40 million related to this receivable amount. The Company is examining numerous options, including legal, regulatory, and other means, to pursue collection of any amounts ultimately not received through the bankruptcy process.

Refunds on Wholesale Transactions

California

On July 25, 2001, the FERC issued an order establishing the scope of and methodology for calculating refunds for wholesale sales transactions made between October 2, 2000 and June 20, 2001 in the spot markets operated by the ISO and PX. The order established evidentiary hearings to develop a factual record to provide the basis for the refund calculation. Several additional orders clarifying and further defining the methodology have since been issued by the FERC. Appeals of the FERC orders were filed and in August 2002 the U.S. Ninth Circuit Court of Appeals issued an order requiring the FERC to reopen the record to allow the parties to present additional evidence of market manipulation.

Also in August 2002, the FERC Staff issued a report that included a recommendation that natural gas prices used in the methodology to calculate potential refunds be reduced significantly.

In December 2002, a FERC administrative law judge issued a certification of facts to the FERC regarding the refunds, based on the methodology established in the 2001 FERC order rather than the August 2002 FERC Staff recommendation. On March 26, 2003, the FERC issued an order in the California refund case (Docket No. EL00-95) adopting in large part the certification of facts of the FERC administrative law judge but adopting the August 2002 FERC Staff recommendation on the methodology for the pricing of natural gas in calculating the amount of potential refunds. PGE

estimates its potential liability under the modified methodology at between $40 million and $50 million, of which $40 million has been established as a reserve, as discussed above.

Numerous parties, including PGE, filed requests for rehearing of various aspects of the March 26, 2003 order, including the methodology for the pricing of natural gas. On October 16, 2003, the FERC issued an order reaffirming, in large part, the modified methodology adopted in its March 26, 2003 order. PGE does not agree with the FERC's methodology for determining potential refunds, and, on December 20, 2003 the Company appealed the FERC's October 16, 2003 order to the U.S. Ninth Circuit Court of Appeals; several other parties have also appealed the October 16, 2003 order. On May 12, 2004, the FERC issued an order that denied further requests for rehearing of the October 16, 2003 order. Although there continue to be miscellaneous orders issued in the underlying FERC proceeding, the Ninth Circuit Court of Appeals has now begun to hear the numerous appeals. It has bifurcated appeals of the existing cases into two phases. The first considered arguments regarding jurisdictional issues and the permissible scope of refund liability, both in terms of the time frame for which refunds were ordered and the types of transactions subject to refund. Briefing and oral argument have been completed on this first phase. As to the jurisdictional issues, on September 6, 2005, the Court ruled that FERC did not have jurisdiction to order municipal utilities and other governmental entities to make refunds for the sales they had made to the ISO and PX that are the subject of the refund proceeding. The Court has not yet issued a decision on the other issues pending in the first phase, and the Court agreed to defer the rehearing deadline on the jurisdictional issue decision until the remainder of the first phase is decided. The second phase will consider the issues relating to the refund methodology itself. PGE expects that the Court will establish additional phases as the continuing issues remaining before FERC become final and are appealed.

Also on May 12, 2004, the FERC issued a separate order that provided clarification regarding certain aspects of the methodology for California generators to recover fuel costs incurred to generate power that were in excess of the gas cost component used to establish the refund liability. On September 24, 2004, the FERC issued an order that denied requests for rehearing of its May 12, 2004 fuel cost order and also adopted a new methodology to allocate the excess amounts of fuel costs that California generators are permitted to recover. Additional clarifying orders continue to be issued periodically. Under the new allocation methodology of the September 24, 2004 order, PGE could be required to pay additional amounts in those hours when it was a net buyer in California spot markets, thus increasing its net refund liability. PGE does not expect that this order will materially increase the Company's potential refund exposure. Partly as a means of limiting its exposure to additional fuel costs, PGE has opted to become a participant in several settlements filed jointly by large generators and California parties, and approved by the FERC during 2004 and 2005.

In August 2005, PGE joined in a settlement agreement resolving issues relating to the allocation of the wind-up costs of the PX for both past and future periods. The settlement has been approved by the FERC. Although under the agreement PGE will bear certain additional costs associated with PX obligations to conduct and finalize refund calculations, PGE does not expect those costs to be material to its financial statements.

In several of its underlying refund orders, the FERC has indicated that if marketers, such as PGE, believe that the level of their refund liability has caused them to incur an overall revenue shortfall for their sales to the ISO and PX during the refund period, they will be permitted to file a cost study to prove that they should be permitted to recover additional revenues in excess of the mitigated prices in order to cover their costs. By order issued August 8, 2005, FERC provided guidelines regarding the manner in which these studies should be conducted and the principles that should govern their preparation. PGE filed for rehearing of certain aspects of the August 8 order, and, on September 14, it filed its cost recovery study with FERC. The study showed that, pursuant to the principles set forth in the August 8 order and subject to rehearing, PGE's costs to serve the ISO and PX markets exceeded the revenues PGE will receive from those mitigated sales by over $27 million. By order issued

January 26, 2006, the FERC conditionally accepted PGE's September 14 cost filing, subject to PGE making a compliance filing to eliminate certain costs, to include additional revenues, and to supplement its analysis with additional cost, load, and resource data. On February 10, 2006, PGE submitted a compliance filing with two cases, in the alternative, that incorporated the FERC-required changes. The compliance filing shows a revenue deficit for PGE's sales to the ISO and PX (that is, a reduction to PGE's refund liability) of from approximately $20 million to approximately $30 million, depending on the methodology ultimately accepted by the Commission. Third parties have challenged PGE's compliance filing and requested that it be rejected in its entirety or that the cost offset be reduced to zero, and PGE has filed a response to those challenges. The procedure established by the FERC in the January 26 order also required each seller whose cost filing has been accepted to incorporate in its filing final ISO and PX settlement data and to provide its revised filing to the ISO and PX for further processing.

PGE believes that the FERC erred in certain of its findings in the January 26 order, and has filed a request for rehearing as to several issues. Due to the continuing uncertainty related to these matters, PGE has made no adjustment to the $40 million reserve previously established for the Company's potential liability, as described above.

The FERC has indicated that any refunds PGE may be required to pay related to California wholesale sales (plus interest from collection date) can be offset by accounts receivable (plus interest from due date) related to sales in California (see "Receivables - California Wholesale Market" above). In addition, any refunds paid or received by PGE applicable to spot market electricity transactions on and after January 1, 2001 in California may be eligible for inclusion in the calculation of net variable power costs under the Company's power cost adjustment mechanism in effect at that time. This could further mitigate the financial effect of any refunds made or received by the Company.

Challenge of the California Attorney General to Market-Based Rates - On March 20, 2002, the California Attorney General filed a complaint with the FERC against various sellers in the wholesale power market, alleging that the FERC's authorization of market-based rates violated the Federal Power Act (FPA), and, even if market-based rates were valid under the FPA, that the quarterly transaction reports required to be filed by sellers, including PGE, did not contain the transaction-specific information mandated by the FPA and the FERC. The complaint argued that refunds for amounts charged between market-based rates and cost-based rates during the period October 2, 2000 - June 4, 2002 should be ordered. The FERC denied the challenge to market-based rates and refused to order refunds, but did require sellers, including PGE, to re-file their quarterly reports to include transaction-specific data. The California Attorney General appealed the FERC's decision to the Ninth Circuit Court of Appeals. On September 8, 2004, the Court issued an opinion upholding the FERC's authority to approve market-based tariffs, but also holding that the FERC had the authority to order refunds, if quarterly filing of market-based sales transactions had not been properly made. The Court required the FERC, upon remand, to reconsider whether refunds should be ordered. On October 25, 2004, certain parties filed a petition for rehearing with the Court. In the refund case and in related dockets, the California Attorney General and other California parties have argued that refunds should be ordered retroactively to at least May 1, 2000. Management cannot predict the outcome of these proceedings or whether the FERC will order refunds retroactively to May 1, 2000, and if so, how such refunds would be calculated.

Anomalous Bidding Allegations

By order issued on June 25, 2003, the FERC instituted an investigation into allegations of anomalous bidding activities and practices ("economic withholding") on the part of numerous parties, including PGE. The FERC determined that bids above $250 per MW in the period from May 1, 2000 through October 2, 2000 may have violated tariff provisions of the ISO and the PX. The FERC required companies that bid in excess of $250 per MW to provide information on their bids to the FERC investigation staff. PGE responded to the FERC's inquiries and, on May 12, 2004, the FERC

investigation staff issued to PGE a letter terminating the investigation as to the Company without further action. On March 10, 2005, certain California parties filed appeals with the Ninth Circuit Court of Appeals, contesting the FERC's conduct of the investigation of the anomalous bidding allegations and the issuance of the dismissal letters.

Pacific Northwest
In the July 25, 2001 order, the FERC also called for a preliminary evidentiary hearing to explore whether there may have been unjust and unreasonable charges for spot market sales of electricity in the Pacific Northwest from December 25, 2000 through June 20, 2001. During that period, PGE both sold and purchased electricity in the Pacific Northwest. In September 2001, upon completion of hearings, the appointed administrative law judge issued a recommended order that the claims for refunds be dismissed. In December 2002, the FERC re-opened the case to allow parties to conduct further discovery. In June 2003, the FERC issued an order terminating the proceeding and denying the claims for refunds. In July 2003, numerous parties filed requests for rehearing of the June 2003 FERC order. In November 2003 and February 2004, the FERC issued orders that denied all pending requests for rehearing. Parties have appealed various aspects of these FERC orders.

Management cannot predict the ultimate outcome of the above matters related to wholesale transactions in California and the Pacific Northwest. However, it believes that the outcome will not have a material adverse impact on the financial condition of the Company, but may have a material impact on the results of operations for future reporting periods.

Note 15 - Future Ownership of PGE

Commencing on December 2, 2001, and from time to time thereafter, Enron, along with certain of its subsidiaries, filed to initiate bankruptcy proceedings under Chapter 11 of the federal Bankruptcy Code. Although PGE was not included in the bankruptcy, the common stock of PGE held by Enron is one of the assets of the bankruptcy estate.

Enron's Fifth Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code, dated January 9, 2004 and as thereafter amended and supplemented from time to time (Chapter 11 Plan), became effective on November 17, 2004. The Chapter 11 Plan and the related disclosure statement provide information about the assets that were in the bankruptcy estate, including the common stock of PGE, and how those assets or their proceeds will be distributed to the creditors.

Enron and PGE are moving forward to distribute new PGE common stock to the creditors of Enron and its reorganized debtor subsidiaries (collectively the Debtors) in accordance with the Chapter 11 Plan. Current PGE common stock held by Enron will be cancelled and 62,500,000 shares of new PGE common stock without par value will be distributed over time to the Debtors' creditors that hold allowed claims. PGE will issue at least 30 percent of the new PGE common stock to the Debtors' creditors that hold allowed claims, with the remainder issued to a Disputed Claims Reserve (DCR) where it will be held to be released over time to the Debtors' creditors holding allowed claims in accordance with the Chapter 11 Plan.

The distribution of new PGE common stock has been approved by all required regulatory agencies. If sufficient claims have been resolved in a timely manner to allow at least 30% of the new PGE common stock to be issued to Debtors' creditors, then issuance of new PGE common stock is expected to take place on or about April 3, 2006. Following issuance of the new PGE common stock to the Debtors' creditors and the DCR, PGE will no longer be a subsidiary of Enron.

The registered owner of the new PGE common stock held in the DCR will be the Disbursing Agent associated with the DCR. The Disbursing Agent will oversee the release of new PGE common stock from the DCR to the Debtors' creditors that hold allowed claims. All shares of new PGE common

Exhibit G

Comparative income statements showing recorded results of operations, adjustments to record the proposed transaction and pro forma in conformity with the form in the annual report which applicant is required to file with the Commission
OAR 860-027-0030(2)(g)

Attached is page 81 of PGE's Form 10-K Annual Report for the year ended December 31, 2005, which was filed with the Securities and Exchange Commission on March 16, 2006.

Portland General Electric Company and Subsidiaries
Consolidated Statements of Income

For the Years Ended December 31	2005	2004	2003 (As Restated - See Note 16)
		(In Millions)	
Operating Revenues	$1,446	$1,454	$1,752
Operating Expenses			
Purchased power and fuel	671	667	1,028
Production and distribution	128	127	117
Administrative and other	168	148	148
Depreciation and amortization	233	233	213
Taxes other than income taxes	74	72	72
Income taxes	46	57	50
	1,320	1,304	1,628
Net Operating Income	126	150	124
Other Income (Deductions)			
Miscellaneous	3	8	5
Income taxes	3	3	6
	6	11	11
Interest Charges			
Interest on long-term debt and other	68	69	79
Net Income before cumulative effect of a change in accounting principle	64	92	56
Cumulative effect of a change in accounting principle, net of related taxes of $(3)	-	-	4
Net Income	64	92	60
Preferred Dividend Requirement	-	-	1
Income Available for Common Stock	$ 64	$ 92	$ 59

The accompanying notes are an integral part of these consolidated financial statements.

Portland General Electric Company and Subsidiaries
Consolidated Statements of Retained Earnings

For the Years Ended December 31	2005	2004	2003
		(In Millions)	
Balance at Beginning of Year (restated, see Note 16)	$ 644	$ 552	$ 493
Net Income (restated, see Note 16)	64	92	60
	708	644	553
Dividends Declared			
Common stock	150	-	-
Preferred stock	-	-	1
	150	-	1
Balance at End of Year	$ 558	$ 644	$ 552

The accompanying notes are an integral part of these consolidated financial statements.

EXHIBIT G
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